Ōtautahi-Christchurch

Te Pūrongo-ā-tau
Annual Report
2023

Volume 2 of 2

Christchurch City Council

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Annual Report
2023

Volume 2 of 2

Financial statements and Group information

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Christchurch City Council

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Financial statements

Financial ratios and prudence benchmarks

The Council has financial ratios which form a key part of its financial risk management strategy.

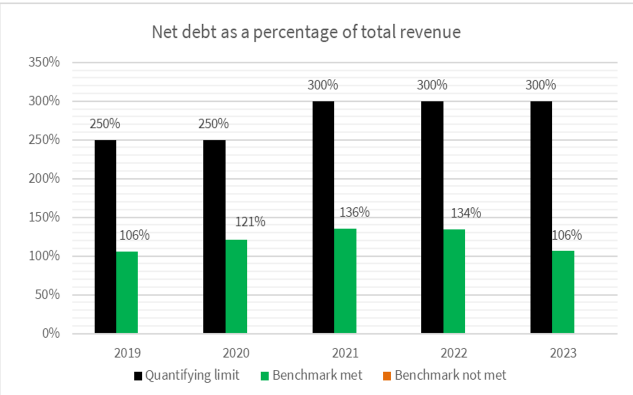
The Council is required under the Local Government (Financial Reporting and Prudence) Regulations 2014 to report on the affordability and benchmark ratios, in addition, we are required to comply with ratios contained in our funding agreement with the Local Government Funding Agency.

These ratios and benchmarks enable the reader to determine that the Council is prudently managing its revenues, expense, assets, liabilities and general financial dealings.

Local Government Funding Agency Borrowing Covenants

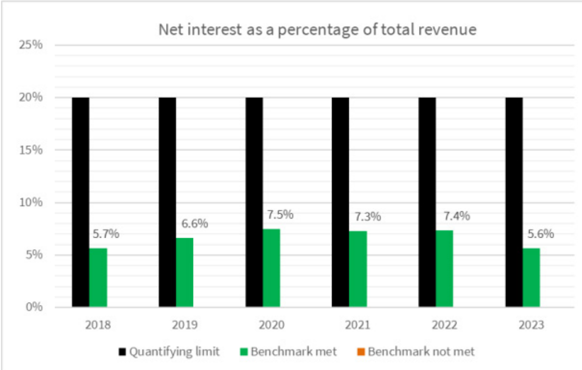
Net debt[1] as a percentage of total revenue[2]

The Council continues to comply with the net debt to total revenue ratio. The following graph compares the Council's actual ratio of net debt (borrowing) as a percentage of total revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is 300 per cent and Council is expected to maintain net debt as a percentage of total revenue to less than or equal to the quantified limit.



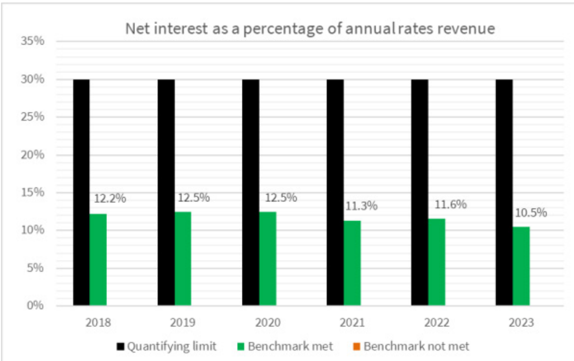
Net interest as a percentage of total revenue

The Council continues to comply with the net interest to total revenue ratio. The following graph compares the Council's actual ratio of net interest as a percentage of total revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is 20 per cent and Council is expected to maintain net interest as a percentage of total operating revenue to less than or equal to the quantified limit.



Net interest as a percentage of annual rates revenue

The Council continues to comply with the net interest to annual rates revenue. The following graph compares the Council's actual ratio of net interest as a percentage of annual rates revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is 30 percent and Council is expected to maintain net interest as a percentage of annual rates revenue to less than or equal to the quantified limit.

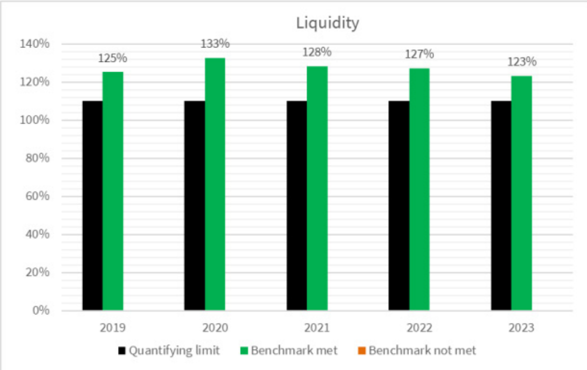


[1] Net debt is defined as total financial liabilities less financial assets (excluding trade and other receivables).

[2] Total revenue is total cash operating revenue excluding development contributions and non-government capital contributions.

Liquidity

The Council continues to comply with the liquidity ratio. For debt affordability liquidity is calculated as total borrowings including committed but undrawn facilities plus liquid assets and investments compared to total term borrowings. The following graph compares the Council's actual liquidity with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is 110 per cent and Council is expected to maintain liquidity to be greater than the quantified limit.

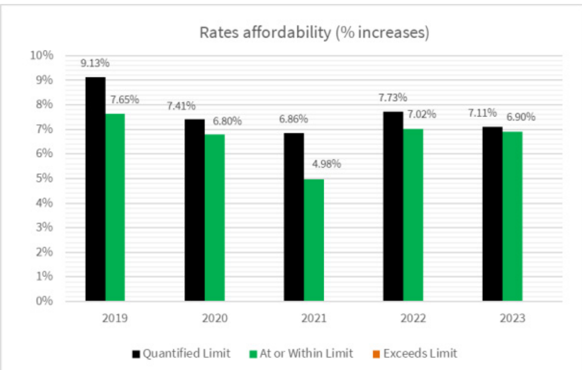


In 2019, the LGFA re-defined its definition of Liquid Investments to include LGFA and CCO deposits held by Council on their behalf. Prior year comparatives have not been updated with this change.

Rates affordability benchmarks

The Council meets the rates affordability benchmark if its actual rates increase equals or is less than each quantified limit on rates increases.

The Council continues to comply with the rates (increases) affordability ratio. The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy as included in the Council's LTP.



This benchmark looks at the year on year percentage increase in rates revenue.

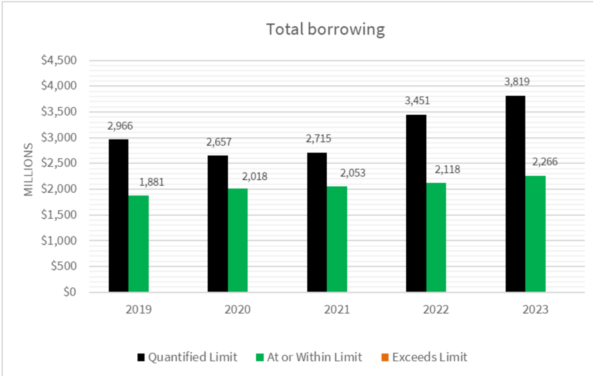
Following an amendment to the Local Government Act 2022 in 2019, the council has not included a quantified limit on rates (income) in the financial strategy for the 10-year budget 2021-2031.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing.

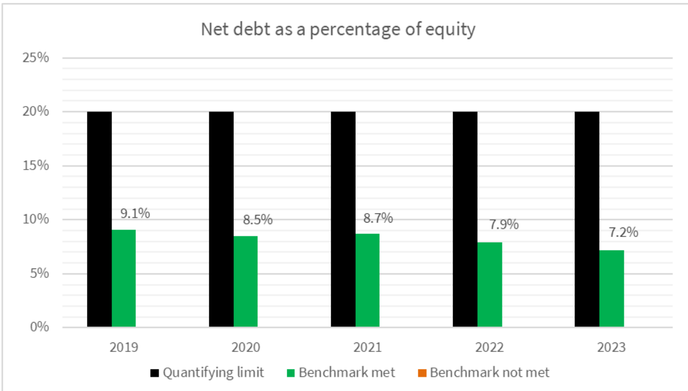
Total borrowing

The Council continues to comply with the total borrowing ratio. The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy as included in the Council's LTP.



Net debt as a percentage of equity

The Council continues to comply with the net debt to equity ratio. The following graph compares the Council's actual ratio of net borrowing as a percentage of equity with a quantified limit stated in the financial strategy as included each year in the Council's Plan. The quantified limit is 20 per cent and Council is expected to maintain net debt (comprised of total borrowings less liquid assets and investments excluding shares and advances to subsidiaries) as a percentage of equity to be less than or equal to the quantified limit.



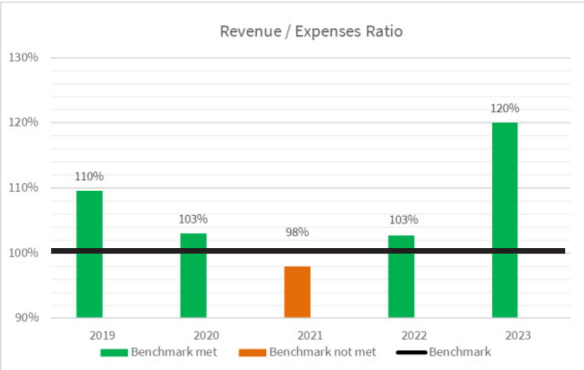
Note : The ratio in the 2022 year has changed from 7.7% (as reported in 2022) to 7.9%. This is as a result of the increase in equity from the vested assets prior period adjustment, referred to in Note 10.1.

Balanced budget benchmark

The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

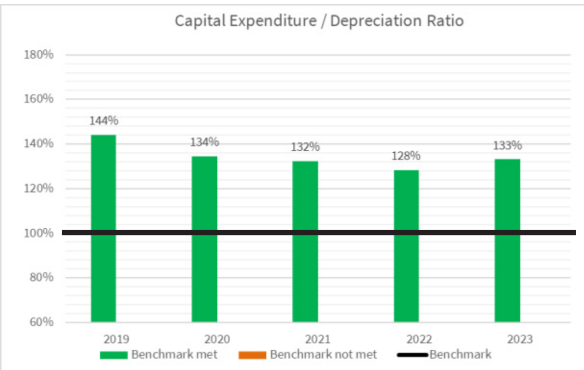
The benchmark is 100 per cent meaning that revenue equals expenses.



Essential services benchmark

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. The Council continues to comply with the essential services ratio. The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

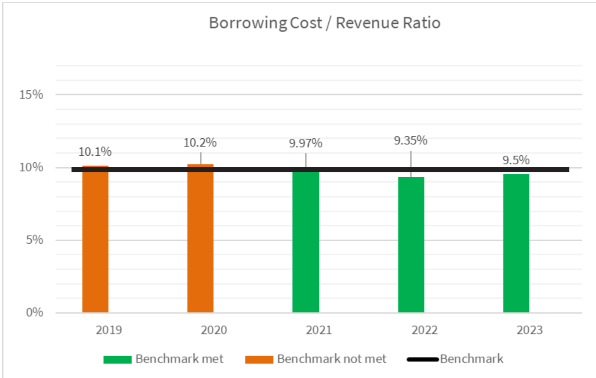
The benchmark is 100 per cent meaning that capital expenditure on network services equals depreciation on network services



Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

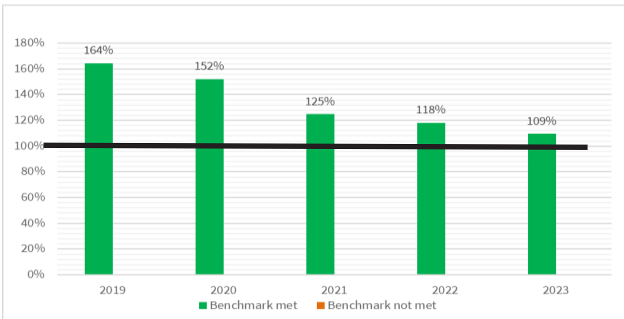
Council will meet the debt servicing benchmark if its planned borrowing costs equal or are less than 10 per cent of its planned revenue post 2019. Prior to 2019 the growth in Christchurch City exceeded the NZ average therefore the benchmark used to measure this ratio was 15 per cent.



The Council did not comply with the debt servicing benchmark in 2019 and 2020.

Debt control benchmark

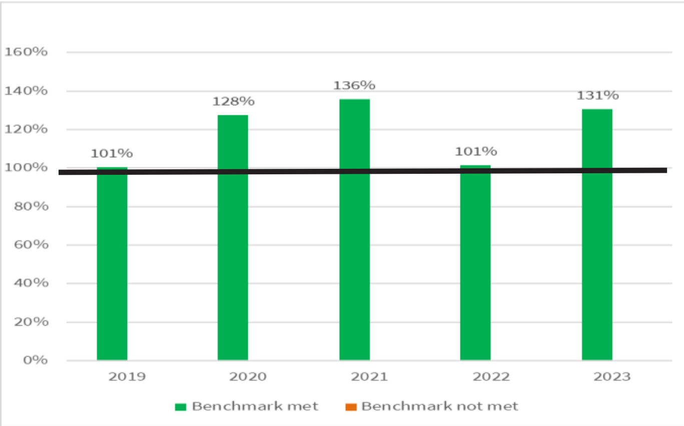
The Council continues to comply with the debt control ratio. The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). In line with the Department of Internal Affairs Practice Note released in April 2011, when reporting this ratio, if the Council's result was equal or better than plan, the Council is deemed to have met the benchmark and the ratio is recorded as "green".



Operations control benchmark

The Council continues to comply with the operations control benchmark. The following graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Independent Auditor's Report

To the readers of Christchurch City Council and Group's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Christchurch City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 219 to 223 and 225 to 332:
  - present fairly, in all material respects:
    - the City Council and the Group's financial position as at 30 June 2023;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 224, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the City Council's activities and services on pages 41 to 194:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and

- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

  - complies with generally accepted accounting practice in New Zealand; and

- the statement about capital expenditure for each group of activities on pages 69 to 194, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and

- the funding impact statement for each group of activities on pages 69 to 194, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and

- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 210 to 213, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to note 36 on page 332, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026.

The financial impact of the water services reform on the City Council as outlined in note 36 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit; the City Council is responsible for assessing its ability to continue as a going concern. The City Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We determine the appropriateness of the reported intended levels of service in the activities and services statements, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the City Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 8, 11 to 40, 195 to 206, and 360 to 364, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out other audit and assurance engagements for the City Council and subsidiary companies. These audit and assurance engagements, as described in note 5 on page 237, are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in, the City Council or its subsidiaries and controlled entities.

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of comprehensive revenue and expense
For the year ended 30 June 2023

		Parent			Group	
	Note	**30 Jun 23 Actual $000**	**30 Jun 23 Plan $000**	**30 Jun 22 Actual (restated) $000**	**30 Jun 23 Actual $000**	**30 Jun 22 Actual (restated) $000**
Rates revenue	2.1	636,864	634,799	595,780	619,285	579,358
Subsidies and grants	2.2	234,448	159,984	139,948	235,570	141,935
Development and financial contributions	2.3	54,956	24,115	39,460	54,956	39,460
Other revenue*	2.4	431,545	404,961	317,780	1,741,403	1,237,570
Finance revenue		46,257	31,341	22,489	19,158	6,061
Share of associate and JV's surplus/(deficit)	19	-	-	-	6,081	6,253
Total revenue*		**1,404,070**	**1,255,200**	**1,115,457**	**2,676,453**	**2,010,637**
Depreciation and amortisation	10,11	318,014	295,289	281,147	494,799	435,539
Finance costs	3	113,039	100,893	86,823	176,268	143,569
Personnel costs	24.1	211,729	215,328	205,575	560,692	510,820
Other expenses	4	336,621	322,135	322,990	942,288	639,271
Net (gains) / losses	6.1	8,232	-	3,528	10,550	(54,879)
Total operating expenses		**987,635**	**933,645**	**900,063**	**2,184,597**	**1,674,320**
Surplus before income tax expense*		416,435	321,555	215,394	491,856	336,317
Income tax expense/(credit)	9.1	1,606	(2,200)	(235)	32,435	1,087
Surplus from Continuing operations*		414,830	323,755	215,629	459,421	335,230
Surplus from Discontinued operations		-	-	-	-	-
Surplus for the period*		414,830	323,755	215,629	459,421	335,230
Other comprehensive revenue and expense						
Property, plant and equipment valuation movement	10	732,643	344,286	1,793,489	1,011,587	2,076,491
Revaluation of carbon emissions units		-	-	-	(572)	1,035
Unrealised gains/(losses) from:		-				
Investment revaluation gain/(loss)	6.2	530,188	-	237,506	415	977
Cash flow hedges gain/(loss)	6.2	37,153	-	192,918	56,964	311,956
Cash flow hedge de-recognition	6.2	-	-	-	-	-
Income tax relating to components of other comprehensive revenue and expense	9.1	-	-	(227)	(82,937)	(75,883)
Property, plant and equipment impairment loss		-	-	-	-	-
Transfers and other		-	-	-	1,769	387
Total other comprehensive revenue and expense		1,299,984	344,286	2,223,686	987,226	2,314,963
Total comprehensive revenue and expense*		**1,714,814**	**668,041**	**2,439,315**	**1,446,647**	**2,650,193**
Surplus for the period attributable to:						
Parent entity*		414,830	323,755	215,629	447,962	316,708
Non controlling interests		-	-	-	11,459	18,522
Total surplus for the period*		**414,830**	**323,755**	**215,629**	**459,421**	**335,230**
Total comprehensive revenue and expense attributable to:						
Equity holders of the parent*		1,714,814	668,041	2,439,315	1,403,000	2,560,412
Non controlling interests		-	-	-	43,647	89,781
Total comprehensive revenue and expense*		**1,714,814**	**668,041**	**2,439,315**	**1,446,647**	**2,650,193**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note in 10.1.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of changes in net assets/equity
For the year ended 30 June 2023

Parent	Asset revaluation reserve $000	Fair Value thru OCRE reserve $000	Hedging reserve $000	Reserve Fund $000	Capital reserve $000	Acc. compr. revenue & expense $000	Attributable to equity holders of parent $000	Non Controlling interests $000	Total * $000
Balance as at 1 July 2021	5,024,537	2,306,420	(189,419)	187,056	1,733,853	4,413,705	13,476,152	-	13,476,152
Surplus for the period*	-	-	-	-	-	215,629	215,629	-	215,629
OCRE for the year	1,793,489	237,506	192,918	-	-	(227)	2,223,686	-	2,223,686
Transfer to/from acc. compr. Revenue & expense	-	-	-	113,953	-	5,301	119,254	-	119,254
Transfer to/from reserves	(17,623)	-	-	(101,631)	-	-	(119,254)	-	(119,254)
Balance as at 1 July 2022*	**6,800,403**	**2,543,926**	**3,499**	**199,378**	**1,733,853**	**4,634,408**	**15,915,467**	**-**	**15,915,467**
Surplus for the period	-	-	-	-	-	414,830	414,830	-	414,830
OCRE for the year	732,642	530,188	37,153	-	-	-	1,299,983	-	1,299,983
Transfer to/from acc. compr. revenue & expense	-	-	-	113,953	-	(3,657)	110,296	-	110,296
Transfer to/from reserves	(19,443)	-	-	(90,853)	-	-	(110,296)	-	(110,296)
Balance as at 30 June 2023	**7,513,602**	**3,074,114**	**40,652**	**222,478**	**1,733,853**	**5,045,581**	**17,630,280**	**-**	**17,630,280**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note in 10.1.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of changes in net assets/equity *(continued)*
For the year ended 30 June 2023

Group	Asset revaluation reserve $000	Fair Value thru OCRE reserve $000	Hedging reserve $000	Reserve Fund $000	Capital reserve $000	Acc. compr. revenue & expense $000	Attributable to equity holders of parent $000	Non Controlling interests $000	Total * $000
Balance as at 1 July 2021	5,890,587	24,153	(225,289)	210,873	1,722,090	5,100,165	12,722,579	371,180	13,093,759
Effect of correction of errors^	(23,656)	-	-	-	-	23,656	-	-	-
As restated	5,866,931	24,153	(225,289)	210,873	1,722,090	5,123,821	12,722,579	371,180	13,093,759
Surplus for the period*	-	-	-	-	-	316,708	316,708	18,522	335,230
OCRE for the year	1,998,030	977	270,851	-	-	160	2,270,018	44,945	2,314,963
Transfer to/from acc. compr. revenue & expense	(616)	-	-	113,953	-	5,939	119,276	-	119,276
Transfer to/from reserves	(17,623)	-	-	(118,530)	-	16,877	(119,276)	-	(119,276)
Other items	(669)	-	-	61	-	28,179	27,571	-	27,571
Orion correction of error^	(387)	-	-	-	-	387	-	-	-
Dividends paid or provided for	-	-	-	-	-	-	-	(5,013)	(5,013)
Balance as at 1 July 2022*	**7,845,666**	**25,130**	**45,562**	**206,357**	**1,722,090**	**5,492,071**	**15,336,876**	**429,634**	**15,766,510**
Surplus for the period	-	-	-	-	-	447,962	447,962	11,459	459,421
OCRE for the year	902,331	415	50,994	-	84	1,685	955,509	31,717	987,226
Transfer to/from acc. compr. revenue & expense	(1,290)	-	-	113,953	-	(3,657)	109,006	-	109,006
Transfer to/from reserves	(19,443)	-	-	(91,874)	-	2,311	(109,006)	-	(109,006)
Other items	(8,308)	-	-	-	-	18,428	10,120	154	10,274
Issue of shares	-	-	-	-	-	-	-	-	-
Adjustment for share buy-back	-	-	-	-	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-	-	-	(7,756)	(7,756)
Adjustment to minority interests for share acquisitions	-	-	-	-	-	-	-	-	-
Effect of changes in income tax	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	**8,718,956**	**25,545**	**96,556**	**228,436**	**1,722,174**	**5,958,800**	**16,750,467**	**465,208**	**17,215,675**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note in 10.1.

^ The Group Reserves and Accumulated comprehensive revenue and expense have been adjusted for a prior year correction. Refer to Orion "Correction of a material error in recognising asset impairment" in Note 10.7.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of financial position
As at 30 June 2023

	Note	Parent 30 Jun 23 Actual $000	Parent 30 Jun 23 Plan $000	Parent 30 Jun 22 Actual (restated) $000	Group 30 Jun 23 Actual $000	Group 30 Jun 22 Actual (restated) $000
Current assets						
Cash and cash equivalents	16	160,694	97,501	167,307	267,003	255,421
Receivables and prepayments	7	91,874	67,008	78,174	251,198	197,639
Investment in CCOs and other similar entities	18	133,679	-	181,859	7,779	7,359
Other financial assets	20.1	32,690	25,039	40,006	51,379	77,171
Inventories	17	3,742	3,197	3,129	34,891	29,532
Current tax assets	9.2	-	-	-	-	-
Assets held for sale	14	187	-	4,436	235	14,487
Other assets		-	-	-	4,847	2,616
Total current assets		**422,866**	**192,745**	**474,911**	**617,332**	**584,225**
Non-current assets						
Receivables and prepayments	7	32,043	-	-	36,605	5,209
Investments in associates and joint arrangements	19	6,196	-	6,196	12,095	13,206
Investment in CCOs and other similar entities	18	4,054,087	3,463,396	3,309,148	50,791	47,425
Other financial assets	20.1	44,479	147,101	74,113	90,693	116,125
Inventories	17	-	-	-	3,875	7,957
Property, plant and equipment*	10	15,406,288	13,364,198	14,253,701	20,259,040	18,687,193
Investment property	15	-	-	-	768,622	728,089
Intangible assets	11.1	96,701	88,206	90,069	193,220	115,448
Deferred tax assets	9.3	1,916	-	3,719	51,353	71,745
Other assets		-	-	-	106	439
Total non-current assets*		**19,641,710**	**17,062,901**	**17,736,946**	**21,466,400**	**19,792,836**
Total assets*		**20,064,576**	**17,255,646**	**18,211,857**	**22,083,732**	**20,377,061**
Current liabilities						
Creditor and other payables	8	134,660	123,722	99,462	284,483	201,135
Borrowings and other financial liabilities	20.3	381,528	353,900	383,804	797,551	964,301
Employee entitlements	24.2	23,408	25,719	23,721	61,444	57,361
Current tax liabilities	9.2	-	-	-	-	-
Provisions	25	3,878	2,665	4,995	6,500	7,965
Other liabilities	26	20,999	-	24,139	54,385	55,173
Total current liabilities		**564,473**	**506,006**	**536,121**	**1,204,363**	**1,285,935**
Non-current liabilities						
Creditor and other payables	8	-	-	1,060	-	1,060
Borrowings and other financial liabilities	20.3	1,843,613	2,092,337	1,730,831	3,026,235	2,768,679
Employee entitlements	24.2	2,686	3,314	3,053	6,417	6,783
Deferred tax liabilities	9.3	3,522	3,540	3,719	605,667	523,673
Provisions	25	20,002	22,928	21,177	22,493	21,438
Other liabilities	26	-	429	429	2,882	2,983
Total non-current liabilities		**1,869,823**	**2,122,548**	**1,760,269**	**3,663,694**	**3,324,616**
Total liabilities		**2,434,296**	**2,628,554**	**2,296,390**	**4,868,057**	**4,610,551**
Net assets*		**17,630,280**	**14,627,092**	**15,915,467**	**17,215,675**	**15,766,510**
Equity						
Parent entity interest*^		5,045,581	4,825,366	4,634,407	5,958,800	5,492,071
Non-controlling interest		-	-	-	465,208	429,634
Reserves^		12,584,699	9,801,726	11,281,060	10,791,667	9,844,805
Total equity*		**17,630,280**	**14,627,092**	**15,915,467**	**17,215,675**	**15,766,510**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to “Vested Assets in the Prior Period” Note in 10.1.

^Parent entity interest and Reserves have been adjusted for a prior year correction. Refer to Orion “Correction of a material error in recognising asset impairment” in Note 10.7.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Cash flow statement
For the year ended 30 June 2023

	Note	Parent 30 Jun 23 Actual $000	Parent 30 Jun 23 Plan $000	Parent 30 Jun 22 Actual $000	Group 30 Jun 23 Actual $000	Group 30 Jun 22 Actual $000
Cash flows from operating activities						
Receipts from rates revenue		621,578	634,799	599,528	603,999	583,106
Receipts from other revenue		436,773	309,238	295,523	1,748,471	1,237,455
Interest received		41,275	29,743	21,197	14,538	4,759
Dividends received		39,610	37,696	22,544	7,210	6,444
Subvention receipts		4,473	2,200	11,437	-	1,420
Payments to suppliers and employees		(556,966)	(539,818)	(525,115)	(1,482,015)	(1,175,186)
Interest and other finance costs paid		(108,215)	(100,893)	(84,818)	(176,246)	(144,266)
Income tax paid		-	-	8	(14,328)	(11,918)
Net GST movement		8,625	-	(1,507)	8,747	(1,498)
Other		-	-	-	4,243	5,423
Net cash provided by/(used in) operating activities	28.1	**487,153**	**372,965**	**338,797**	**714,619**	**505,739**
Cash flows from investing activities						
Proceeds from sale of investment		189,526	75,851	146,644	377,077	362,098
Proceeds from repayment loans and advances		186,060	-	239,781	58	47,081
Proceeds from sale of fixed assets		15,501	8,008	4,499	34,735	16,866
Insurance recoveries		47,667	-	10,040	47,667	10,040
Payment for investment		(156,523)	(75,720)	(187,618)	(388,591)	(418,660)
Loans made to external parties		-	-	-	-	5,719
Payment for purchase of fixed assets		(570,576)	(500,232)	(445,105)	(855,001)	(637,519)
Amounts advanced to related parties		(353,017)	-	(197,621)	(623)	(46,421)
Payment for investment properties		-	-	-	(41,362)	(20,212)
Payment for goodwill		-	-	-	(11,666)	(6,032)
Other		-	-	(1)	14,333	2,471
Net cash (used in)/provided by investing activities		**(641,362)**	**(492,093)**	**(429,381)**	**(823,373)**	**(684,569)**
Cash flows from financing activities						
Proceeds from borrowing		523,800	177,481	431,450	742,656	872,837
Repayment of borrowings		(372,283)	(59,255)	(363,006)	(605,729)	(695,657)
Repayment of finance leases		(3,921)	-	(3,283)	(8,833)	(1,526)
Dividends paid - non controlling interests		-	-	-	(7,756)	(5,012)
Payment for share buy back		-	-	-	-	855
Other		-	-	-	(2)	-
Net cash provided by/ (used in) financing activities	28.2	**147,596**	**118,226**	**65,161**	**120,336**	**171,497**
Net increase in cash and cash equivalents		(6,613)	(902)	(25,423)	11,582	(7,333)
Cash and cash equivalents at beginning of year		167,307	98,403	192,730	255,421	262,754
Cash and cash equivalents at end of year	**16**	**160,694**	**97,501**	**167,307**	**267,003**	**255,421**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Funding impact statement (whole of Council)
For the year ended 30 June 2023

Sources of operating funding	2023 Actual $000	2023 Annual Plan $000	2022 Annual Report $000	2022 Long Term Plan $000
General rates, uniform annual general charge, rates penalties	387,994	385,169	370,106	368,527
Targeted rates	248,870	249,630	225,673	226,215
Subsidies and grants for operating purposes	34,592	27,392	37,109	29,565
Fees and charges	115,297	108,652	107,915	100,150
Interest and dividends from investments	85,866	67,439	45,032	38,260
Local authorities fuel tax, fines, infringement fees, and other receipts	20,776	20,137	39,223	15,018
Total operating funding (A)	**893,395**	**858,419**	**825,058**	**777,735**
Applications of operating funding				
Payments to staff and suppliers	496,862	481,559	471,092	448,144
Finance costs	113,039	100,893	86,823	85,429
Other operating funding applications	52,725	55,904	52,356	52,307
Total applications of operating funding (B)	**662,626**	**638,356**	**610,271**	**585,880**
Surplus (deficit) of operating funding (A-B)	**230,769**	**220,063**	**214,787**	**191,855**
Sources of capital funding				
Subsidies and grants for capital expenditure	204,159	129,992	104,718	119,041
Development and financial contributions	54,956	24,115	39,460	24,276
Increase (decrease) in debt	147,584	118,226	65,161	317,337
Gross proceeds from sale of assets	18,087	8,008	4,589	6,996
Lump sum contributions	-	-	-	-
Other dedicated capital funding	87,445	1,150	4,008	1,126
Total sources of capital funding (C)	**512,231**	**281,491**	**217,936**	**468,776**
Application of capital funding				
Capital expenditure				
- to replace existing assets	239,152	248,023	226,615	258,203
- to improve the level of service	301,345	258,600	161,267	314,207
- to meet additional demand	75,796	71,684	47,931	61,564
Increase (decrease) in reserves	23,149	(72,753)	12,211	1,657
Increase (decrease) of investments	103,558	(4,000)	(15,301)	25,000
Total applications of capital funding (D)	**743,000**	**501,554**	**432,723**	**660,631**
Surplus (deficit) of capital funding (C-D)	**(230,769)**	**(220,063)**	**(214,787)**	**(191,855)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**	**-**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statement notes - contents

1 Basis of reporting

Reporting entity

The Council (the Parent) is the Christchurch City Council and consolidated subsidiaries are together the Group.

The Council is a territorial authority governed by the Local Government Act 2002. The consolidated entity consists of the entities listed in the Group structure section.

The primary objective of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a public benefit entity (PBE) for financial reporting purposes. Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were approved by the Council on 31 October 2023.

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6 Section 98 and Section 111, and Part 3 of Schedule 10, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the Public Benefit Entity Accounting Standards (PBE Standards), and other applicable financial reporting standards, as appropriate for Tier 1 Public Sector PBEs for periods beginning on or after 1 July 2014.

Going concern

The Council is in a net surplus position of $415 million (2022: $216 million) for the current financial year ended 30 June 2023 and, as of that date, the Council had net current liabilities (current liabilities less cash and cash equivalents) of $404 million (2022: $369 million). As at 30 June 2023, the Parent met all of its prudential ratios. Management expect cash operating revenue to be on par with 2022/23 year in financial year 2023/24.

Statement of significant accounting policies (nga kaupapahere kaute)

Basis of preparation

<u>Measurement base</u>
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of the Council and Group is New Zealand dollars.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. The accrual basis of accounting has been used unless otherwise stated.

Except where specified, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

<u>Foreign currency transactions</u>
Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary assets and liabilities at balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Goods and Services Tax (GST)

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are shown exclusive of GST.

Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Corporate overhead is allocated either directly or indirectly to external service activities as follows:

- Property costs: pro rata based on the number of desks held for use for each unit.
- IT costs: pro rata based on the total number of active IT users.
- Human Resources and Payroll Services cost: pro rata based on the total number of planned employee work hours.
- All other costs: pro rata based on the gross cost of external service activities.

Plan values disclosed

The plan values shown in the financial statements represent the 2022/23 budget included in the 2022/23 Annual Plan adopted on 21 June 2022.

Net Assets / Equity

Net Assets or equity is the community's and ratepayers' interest in the Council. It is measured as the difference between total assets and total liabilities. The asset revaluation reserve is recorded at fair value through other comprehensive revenue and expense reserve. The hedging revaluation reserve is recorded at fair value through other comprehensive revenue and expense reserve.

New accounting standards and interpretations

Changes in accounting policy (kaupapahere kaute) and disclosures

Adoption of PBE FRS 48 Service Performance Reporting
This standard was issued in November 2017 and establishes requirements for PBEs to select and present service performance information. PBEs within the scope of this Standard will need to provide users with sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this. And information about what the entity has done during the reporting period in working towards its broader aims and objectives. Council's service performance reporting has expanded to include the additional required information with the adoption to PBE FRS 48.

Other changes in the Group
Other comparative amounts and other information in the financial statements have been reclassified or corrected to better comply with accounting standards requirements and improve the readability of the financial statements. This includes the change in presentation of certain comparative amounts and other information in the Statement of Financial Position and Statement of Comprehensive Income along with the relevant note disclosures. Prepayments, Provisions and Other financial liabilities have been presented as separate lines in the Statement of Financial Position. For other restatements and corrections in prior year information, refer to explanations disclosed in Notes 10,20.1, and 20.5.

Accounting standards and interpretations issued but not yet effective

The following new standards, interpretations and amendments have been issued but are not yet effective as at 30 June 2023. Council has not early adopted these standards and interpretations.

PBE IPSAS19 Provisions, Contingent Liabilities and Contingent Assets

The standard requires an entity to consider the unavoidable costs which is the lower of the costs of fulfilling a contract and any compensation or penalties arising from failure to fulfil a contract. The amendments added a description on the “costs of fulfilling a contract” when determining the unavoidable costs under the onerous contracts.

PBE IPSAS19 does not have any material impact on the Council’s annual report.

Principles of consolidation

Subsidiaries

Subsidiaries include special purpose entities and those entities where the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. The potential to exercise or convert voting rights are considered when assessing whether the Council controls another entity.

From July 2019 the Ōtautahi Community Housing Trust is included in the consolidated group of the Council. The Ōtautahi Community Housing Trust is not a Council-controlled organisation and is included in the group as it meets the definition of a controlled entity pursuant to PBE IPSAS 35 Consolidation accounting standard only.

Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date of control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated on consolidation. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council. This includes the application of PBE accounting standards for those entities reporting under NZ IFRS.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive revenue and expense and the statement of financial position.

Critical judgements, estimates and assumptions in applying Council’s accounting policies

Preparing financial statements to conform to PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or in future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

Parent

The valuation of the Council’s investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic (currently annually) basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value (Note 18.3).

The valuation of the Council’s facilities and infrastructural assets at optimum depreciated replacement cost involves a significant amount of judgement in estimating the replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets. Independent valuers were commissioned to perform the valuation and valuations of these asset classes will continue on a regular basis (currently three yearly) to ensure that the optimum depreciated replacement cost does not differ materially from their carrying value (Note 10.4).

The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and building related claims provisions (Note 25.1).

Management are required to exercise judgement in calculating provisions, assessing the level of unrecoverable work in progress, assessing expected credit loss and calculating provisions for employee benefits.

Group

The determination of whether entities which the Council has an interest in are controlled for accounting purposes requires management to exercise judgement to determine whether the nature of the interest and the benefits, rights and obligations which accrue are sufficient for Council to control the entity.

Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.

Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.

Classification of investment property

CIAL use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. A key factor for this classification is whether the property is used for aircraft-related activities. The classification has implications as to whether revaluation gains and losses are recognised through net surplus or deficit or through other comprehensive revenue and expense.

Valuation of property, plant and equipment and investment property

Management of most of the subsidiary companies use independent valuers to determine the fair value of certain assets. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Any changes in market conditions subsequent to balance date will impact future valuations. A movement in the fair value of an asset is subsequently recorded within the statement of comprehensive income, depending on the asset classification.

The assets of LPC have been deemed as being inextricably linked and are therefore treated as a single cash generating unit (CGU) for valuation and impairment purposes.

Impairment assessments are completed annually on various asset classes. An impairment assessment measures the recoverable amount of an asset based on projections and estimates of future cash flows specifically related to the asset. An impairment charge is recognised for any asset with a carrying value in excess of its recoverable amount.

Valuation of investment in subsidiaries

Independent experts are appointed each year to value the investments. The valuation relies, in part, on publicly available information, management forecasts and other information provided by the respective management groups in relation to market conditions.

The valuations are based on the prevailing economic, market and other conditions as at 30 June 2023. Uncertainties remain as to the effect of the COVID-19 crisis will have on the subject entities and the broader domestic and global economies.

2 Revenue

Accounting Policy / Kaupapahere Kaute

Revenue is measured at fair value.

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions arises where the Group provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Group receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which the Parent provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Parent's revenue will be categorised non-exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Group satisfies an obligation which has been recognised as a liability, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction.

Finance revenue
Finance revenue comprises interest receivable on funds invested and on loans advanced. Finance revenue, is recognised in surplus or deficit as it accrues, using the effective interest rate method.

2.1 Rates revenue

Accounting Policy / Kaupapahere Kaute

Rates
Rates are set annually by a resolution from the Parent and revenue is recognised in surplus or deficit at the time of invoicing.

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Parent considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Parent has received an application that satisfies its Rates Remission Policy.
- Rates collected on behalf of the Canterbury Regional Council (Environment Canterbury or ECAN) are not recognised in the financial statements, as the Parent is acting as an agent for the ECAN.

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
General rates	383,958	366,840	373,294	356,673
Rates penalties	4,036	3,267	4,036	3,267
Targeted rates attributable to activities:	-			
- water	75,000	67,863	72,916	65,982
- excess water charges	4,379	2,366	4,257	2,300
- land drainage	44,133	38,551	42,907	37,483
- sewerage	90,565	82,654	88,049	80,363
- active travel	3,244	3,197	3,154	3,108
- waste minimisation	28,767	29,330	27,968	28,517
- fire service	118	115	115	112
- cathedral	1,058	1,042	1,028	1,013
- Akaroa medical	87	135	85	131
- heritage	749	74	728	72
- arts centre	590	196	573	191
- central city business association	180	150	175	146
Total rates revenue	**636,864**	**595,780**	**619,285**	**579,358**
Less remissions	(1,907)	(4,824)	(1,907)	(4,824)
Rates revenue net of remissions	**634,957**	**590,956**	**617,378**	**574,534**

Commentary / Korerotanga

The increase in annual rates collected by Parent reflects the 4.66% rise as part of the 2022/23 Annual Plan and growth in rates units.

The annual rates revenue of the Parent for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the "Rates revenue net of remissions" shown above.

Rating base information

Rating units within the district or region of the local authority at the end of the preceding financial year.

	30 Jun 22	**30 Jun 21**
	$000	**$000**
Number of rating units	179,264	177,411
Total land value of rating units	50,547,608,600	50,199,198,900
Total capital value of rating units	118,449,241,750	116,694,854,550

Commentary / Korerotanga

The rating database as at 30 June 2022 is used to determine the rates revenue for the 2022/23 year. This information is verified with Quotable Value Limited.

2.2 Subsidies and grants

Accounting Policy / Kaupapahere Kaute

Waka Kotahi (NZ Transport Agency) roading subsidies
The Parent receives funding assistance from Waka Kotahi, which subsidies part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Grant revenue (including Waka Kotahi (NZ Transport Agency))
Grants revenue is recognised on receipt, except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when the resources received are subject to a condition such as an obligation to return those resources received in the event that the conditions attached are breached. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue. Grant revenue is categorised as non-exchange revenue.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Waka Kotahi (NZTA) roading subsidies	40,622	41,243	40,621	41,243
Te Kaha multi-use arena	142,981	49,205	142,981	49,205
Department of Internal Affairs (DIA) three water reforms	3,089	23,859	3,089	23,859
Other grants and subsidies	47,756	25,641	48,879	27,628
Total subsidies and grants	**234,448**	**139,948**	**235,570**	**141,935**

Commentary / Korerotanga

Other grants and subsidies include funding received for Major Cycleway Route ($24.3 million), Coastal Pathway ($9.6 million) and Otakaro Avon River Corridor ($4.8 million).

2.3 Development contributions

Accounting Policy / Kaupapahere Kaute

Development contributions
Development contributions are classified as exchange revenue and recognised as revenue in the year in which they are received.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Reserves	5,671	7,610	5,671	7,610
Waste Water	21,955	15,329	21,955	15,329
Water Supply	5,400	4,385	5,400	4,385
Storm Water	8,166	2,827	8,166	2,827
Road Network	11,219	5,106	11,219	5,106
Other assets	2,545	4,203	2,545	4,203
Total development and financial contributions	**54,956**	**39,460**	**54,956**	**39,460**

Commentary / Korerotanga

Residential construction on development sites around Christchurch continued in 2022/23 resulting in a mix of cash development contributions received by the Parent for future growth of the infrastructure and services networks.

2.4 Other revenue

Accounting Policy / Kaupapahere Kaute

Building and resource consent fees
Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees
Entrance fees are fees charged to users of the Council's local facilities, such as the zoo, pools, museum, and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees
Fees for disposing of waste at the Council's landfill are recognised upon waste being disposed by users.

Vested assets
Vested assets are a physical asset received for no or minimal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Parent and goods donated are recognised as revenue when control over the asset is obtained. Vested assets and donated goods are categorised as non-exchange revenue.

Sale of goods and services
Sale of goods and services include electricity distribution revenue, airport service revenue, port services revenue, gross telecommunications revenue, waste and recycling services revenue and other sale of goods and services from Council subsidiaries.

Revenue is recognised in surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

Construction contracts
Revenue is recognised as soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in surplus or deficit in proportion to the stage of completion of the contact. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in surplus or deficit.

Rental revenue
Rental revenue from investment and other property is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue. Rental revenue is classified as exchange revenue where it is considered to reflect a market/arm's length rental.

Dividend revenue
Dividend revenue is classified as exchange revenue and is recognised when the shareholder's right to receive payment is established.

Rental revenue
Rental revenue is classified as exchange revenue and is allocated over the lease term on a systematic basis. This revenue allocation is based on a pattern reflecting a constant periodic return on the Parent's net investment in the finance lease.

Agencies
The Parent collects monies for many organisations. Where collections are processed through Parent's books, any monies held are shown as accounts payable in the statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Volunteers
The Parent receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms and for this reason, are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Fees and charges	79,615	76,131	79,466	75,763
Vested assets*	163,380	141,475	163,380	141,475
Sale of goods and services	-	-	580,816	492,547
Construction contract revenue	-	-	622,146	351,361
Rental revenue on investment property	-	-	47,574	34,672
Rental revenue	31,266	29,199	78,881	55,325
Dividends	39,610	22,544	91	64
Subvention receipts	4,473	11,437	-	-
Petroleum tax	-	1,220	-	1,220
Insurance receipts	83,707	10,040	83,707	10,040
MSD Wage Subsidy	-	-	163	2,351
Sundry revenue	29,494	25,734	85,179	72,752
Total operating and other revenue	**431,545**	**317,780**	**1,741,403**	**1,237,570**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note in 10.1.

Commentary / Korerotanga

Vested assets of $122 million (including the prior period adjustment of $32.1 million) are a result of the transfer from the Otakaro Avon River Corridor. The balance relates to infrastructure transferred to the Parent from residential and commercial developments.
The 2022 result included the transfer of Te Kaha land, Port Hills and Otakaro Avon River Corridor from the Crown to the Parent.

Parent's rental revenue includes rent from the social housing portfolio from the Ōtautahi Community Housing Trust.

Dividends are primarily sourced from CCHL and Transwaste Canterbury Limited, COVID-19 impacted the dividends since 2020.

Parent's insurance receipts relate to recognition of policy entitlements for the CWTP trickling filter fire, and settlement of a long running claim.

3 Finance costs

Accounting Policy / Kaupapahere Kaute

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in surplus or deficit using the effective interest rate method. Interest payable on borrowings is recognised as an expense in surplus or deficit as it accrues.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Interest on borrowings	106,871	80,419	137,174	115,919
Interest on debt instruments	-	-	35,855	24,036
Interest on borrowing from group entity	-	-	-	(435)
Interest on finance leases	6,168	6,404	3,209	4,048
Other interest expense	-	-	30	1
Total finance costs	**113,039**	**86,823**	**176,268**	**143,569**

Commentary / Korerotanga

Interest costs increased at Parent and Group level, due to a combination of higher debt levels and higher market interest rates. Most debt is hedged (at both Parent and Group levels), to reduce the year-on-year volatility of interest costs, so the average interest rate on borrowings has been relatively stable despite the increase in market interest rates during the financial year.

4 Other expenses

Accounting Policy / Kaupapahere Kaute

Non-discretionary grants
Those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants
Those grants where the Parent has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Parent and the approval has been communicated to the applicant and any grant criteria are met. Rates remissions are treated as a discretionary grants to the recipient of the remission in accordance with the Parent's rates remission policy.

Operating leases
Payments made under operating leases are recognised in surplus or deficit proportionally over the term of the lease. Lease incentives received are recognised in surplus or deficit as an integral part of the total lease expense.

Minimum lease payments
Payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Unrecoverable rates
Where in the opinion of the Chief Executive rates cannot reasonably be recovered under sections 90A and 90B of the local Government Rating Act 2002, they are recorded as bad debts and written off. The Parent has the ability to recover rates on the sale of a property and until this occurs rates arrears are treated as doubtful debts and provision is made for the amount of rates outstanding.

		Parent		Group	
		30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
		$000	**$000**	**$000**	**$000**
Audit fees	5	692	379	3,092	1,925
Directors' fees		-	-	3,063	2,974
Donations and grants		52,857	55,036	29,335	29,006
Net foreign exchange (gains) / losses		-	-	13	18
Minimum lease payments under operating leases		2,599	2,531	3,438	3,325
Direct operating expenses (including repairs and maintenance) arising on investment properties		-	-	28,065	-
Orion network maintenance and transmission expenses		-	-	92,124	-
Raw materials and consumables used		-	-	49,037	41,965
Provision of services and maintenance of assets		187,821	183,061	385,999	165,512
Consultants and legal fees		24,768	20,530	46,844	37,385
Other operating expenses		67,885	61,453	301,278	357,161
Total other expenses		**336,621**	**322,990**	**942,288**	**639,271**

Commentary / Korerotanga

Within the Parent's results, the other operating expenses total is net of capitalised overheads (including payroll costs) of $48 million (2022: $41.6 million). These overhead costs have been transferred out of operating costs to capital projects.

In 2022/23 $110,880 of rates were written off under sections 90A and 90B of the Local Government (Rating) Act 2002. (2021/22: $65,149).

5 Remuneration of auditors

Accounting Policy / Kaupapahere Kaute

All auditors are appointed by the Auditor-General pursuant to the Public Audit Act. The auditor of the Parent and the Group entities, is Audit New Zealand unless specifically identified.

		Parent		Group	
		30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Fees to Audit New Zealand					
- For audit of financial statements 2023		567	-	2,070	-
- For audit of financial statements 2022		117	371	147	1,506
- For audit of financial statements 2021		-	-	-	20
- For other assurance services		8	8	244	163
Fees to other firms for audit of financial statements		-	-	-	178
- For other assurance services		-	-	126	9
Fees paid to other Group Auditors		-	-	505	49
Total remuneration of auditors	4	**692**	**379**	**3,092**	**1,925**

Commentary / Korerotanga

Primary assurance service is provided by Audit New Zealand. This includes audit of the Council and the Mayor's Welfare Fund.

Lyttelton Port Company Limited is audited by KPMG, ChristchurchNZ Holdings Limited is audited by Grant Thornton and Ōtautahi Community Housing Trust is audited by BDO.

Other assurance services provided by Audit New Zealand
Audit New Zealand audits the LGFA Debenture Trust Deed on behalf of the Parent. (2022: Audit of the LGFA Debenture Trust Deed)

Audit New Zealand also reviews the Orion New Zealand Limited annual customised price-quality path compliance statement, regulatory information disclosures, and fraud risk review and the Christchurch International Airport Limited: the Specified Airport Services Information Disclosure, and the company's compliance with bond conditions.

6 Other gains and losses

Accounting Policy / Kaupapahere Kaute

Realised gains and losses in surplus / deficit
Realised gains and losses arising from the sale of property, plant and equipment and investments and changes arising from the ineffectiveness of derivative financial instruments are recognised in surplus / deficit. Movements in impairments are also recognised through surplus / deficit.

Other losses
Other losses include revaluation decrements relating to investment properties, losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments.

6.1 Other gains and losses recognised in surplus / deficit

	Parent		Group	
Gains / losses in surplus / (deficit)	**30 Jun 23 $000**	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Non-financial instruments				
Gains / (losses) on disposal of property, plant and equipment	(4,150)	(14,594)	2,849	(5,786)
Gains / (losses) on disposal of investment	-	-	-	715
Gains / (losses) on disposal of investment property or held for sale assets	-	-	-	-
Gains / (losses) on revaluation of property, plant and equipment	-	-	-	-
Gains / (losses) on revaluation of investment properties	-	-	(5,013)	49,915
(Impairment) / reversal of impairment on other assets	-	-	(715)	(250)
(Impairment) / reversal of impairment on property, plant and equipment	-	-	(397)	470
	(4,150)	**(14,594)**	**(3,276)**	**45,064**
Financial instruments				
Gains / (losses) through ineffectiveness of cash flow hedges	6,720	11,271	6,716	10,836
Gains / (losses) through de-recognition of cash flow hedges	(6,785)	(6,785)	(6,785)	(6,785)
Transfer from equity for cashflow hedges	-	-	-	-
Gains / (losses) through ineffectiveness of fair value hedges	-	-	(465)	107
Gains / (losses) on investments held at fair value through surplus and deficit	-	-	-	-
Impairment from expected credit loss	(651)	769	(2,306)	87
Fair value through income statement financial instruments fair value change	(3,366)	5,811	(4,434)	5,570
	(4,082)	**11,066**	**(7,274)**	**9,815**
Net other gains/(losses)	**(8,232)**	**(3,528)**	**(10,550)**	**54,879**

Commentary / Korerotanga

The residual value ($10.1 million) of infrastructure assets replaced as part of the repairs and renewal programme for three waters or roading infrastructure are categorised as disposed of when the new assets are recognised. (2022: $15.5 million). This is offset by a gain of $6 million from the sale and write off of property.

See Note 20.4 for an explanation on the transactions that resulted in the de-recognition of the hedge relationships.

See Note 15 for a description of the investment property revaluation gains.

Impairment from expected credit loss (ECL) includes ECL on trade and other receivables and ECL on other financial assets, mostly community loans.

6.2 Unrealised gains & losses in other comprehensive revenue and expense

Accounting Policy / Kaupapahere Kaute

Unrealised gains and losses in other comprehensive revenue and expense
Unrealised gains and losses arising from the revaluation of investments and changes arising from mark to market valuation of derivative financial instruments are recognised in other comprehensive revenue and expense.

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Unrealised gains and losses in other comprehensive revenue and expense				
Investment revaluation gain / (loss)				
Revaluation of shares held in:				
Christchurch City Holdings Limited	541,173	197,533	-	-
Venues Ōtautahi Limited	(4,411)	25,668	-	-
Other	(6,574)	14,305	415	977
	530,188	**237,506**	**415**	**977**
Cash flow hedges gain / (loss)				
Unrealised gain / (loss) on changes in fair value of cash flow hedges	37,153	192,918	56,964	311,956
	37,153	**192,918**	**56,964**	**311,956**
Cash flow hedges de-recognition	**-**	**-**	**-**	**-**
Total unrealised gains & losses in OCR&E	**567,341**	**430,424**	**57,379**	**312,933**

Commentary / Korerotanga

Investment revaluation gains / (losses)
External valuations are obtained for Christchurch City Holdings Limited, ChristchurchNZ Holdings Limited, Civic Building Limited and Venues Ōtautahi Limited (formerly Vbase Limited). All other subsidiaries are valued using an internal fair value model.

Cash flow gain / (loss)
Derivative "swap" instruments are entered into for the purpose of reducing the volatility of cash interest costs from year to year, and all such instruments are designated as Cash Flow Hedges. The fair market value of these instruments increases / (decreases) in line with movements in longer-term interest rates. Term interest rates increased in the year to June 2023 resulting in an increase in the instrument value, recorded as a cash-flow hedge gain.

See Note 20.6 for sensitivity analysis of potential impacts from changes in market interest rates.

7 Receivables and prepayments

Accounting Policy / Kaupapahere Kaute

Trade and other receivables are classified as financial assets at amortised cost and are initially measured at fair value and subsequently measured at amortised cost less the recognition of any expected credit losses (ECL) over the life of the asset.

For the purpose of aging analysis, trade receivables above includes rates receivables, non-exchange receivables from user charges, other trade receivables and related party receivables.

As debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, the carrying value of debtors and other receivables approximates their fair value.

An expected credit loss allowance (ECL) has been made for each class of debtor and the estimate is based on the measurement of expected credit losses on historical, current and projected information. The balance of the movement was recognised in net surplus and deficit for the current financial year.

Change in presentation
The presentation of receivables and prepayments is changed in 2022/23 to enhance the understandability of the financial information.
Key changes include:

- Grouping receivables into trade and other receivables to better align with credit risk analysis, and
- Reclassified statutory land charge receivable and rockfall prepayments from other financial assets to receivables and prepayment.

Prior year comparatives have been amended accordingly.

7.1 Receivables and prepayments

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Trade receivables				
Trade receivables	37,658	45,858	150,037	137,773
Rates receivables	25,341	11,022	25,341	11,022
Related party receivables	7,798	8,142	163	-
Total trade receivables	70,797	65,022	175,541	148,795
Other receivables				
Chargeable work in progress	-	-	35,638	24,302
Contract retentions	-	-	2,639	2,338
Dividends receivable	-	-	3,535	-
Insurance receivables	36,040	-	36,040	-
Finance lease receivable	-	-	(124)	(230)
Accrued interest	8,783	3,801	10,183	4,149
Total other receivables	44,823	3,801	87,911	30,559
Less: provision for impairment	(447)	(439)	(1,825)	(1,786)
Total trade and other receivables	**115,173**	**68,384**	**261,627**	**177,568**
Prepayments	5,416	3,599	29,085	25,898
GST receivables	3,097	6,191	(3,139)	(618)
Statutory land charge	230	-	230	122
Total receivables and prepayments	**123,916**	**78,174**	**287,803**	**202,970**
Current receivables from exchange transactions	20,696	9,384	185,774	135,505
Current receivables from non-exchange transactions	71,178	68,790	65,424	62,134
Total current receivables and prepayments	91,874	78,174	251,198	197,639
Non-current receivables from exchange transactions	31,040	-	35,602	5,209
Non-current receivables from non-exchange transactions	1,003	-	1,003	-
Total non-current receivables and prepayments	32,043	-	36,605	5,209
Total receivables and prepayments	**123,917**	**78,174**	**287,803**	**202,848**

**Comparative information has been disclosed differently from last year per Note 7 Change in Presentation.

Commentary / Korerotanga

There has been no material impact on the collectability of receipts from impact of COVID-19.

7.2 Credit risks aging of trade receivables

								30 Jun 23
				Parent				Group
	Estimated gross amount at default $000	Expected credit loss rate %	Impairment $000	Net $000	Estimated gross amount at default $000	Expected credit loss rate %	Impairment $000	Net $000
Not past due	44,897	0.1%	(62)	44,835	134,794	0.2%	(261)	134,533
Past due 1-60 days	14,714	0.5%	(70)	14,644	22,425	0.8%	(177)	22,248
Past due 61-120 days	5,358	0.4%	(19)	5,339	8,736	1.3%	(110)	8,626
Past due over 120 days	5,828	5.1%	(296)	5,532	9,586	13.3%	(1,277)	8,309
Total trade receivables	**70,797**		**(447)**	**70,350**	**175,541**		**(1,825)**	**173,716**

								30 Jun 22
				Parent				Group
	Estimated gross amount at default $000	Expected credit loss rate %	Impairment $000	Net $000	Estimated gross amount at default $000	Expected credit loss rate %	Impairment $000	Net $000
Not past due	48,657	0.0%	(15)	48,642	119,008	0.0%	(23)	118,985
Past due 1-60 days	5,094	0.7%	(37)	5,057	11,920	0.4%	(46)	11,874
Past due 61-120 days	4,938	1.6%	(79)	4,859	6,751	1.3%	(89)	6,662
Past due over 120 days	6,333	4.9%	(308)	6,025	11,116	14.6%	(1,628)	9,488
Total trade receivables	**65,022**		**(439)**	**64,583**	**148,795**		**(1,786)**	**147,009**

Commentary / Korerotanga

With the exception of amounts in dispute, no general allowance is provided on rates receivables as the Parent has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

8 Payables

Accounting Policy / Kaupapahere Kaute

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Trade payables and accrued expenses	87,727	65,004	205,454	166,008
Amounts due to related parties	14,648	9,477	23,652	-
GST payable	-	-	6,236	-
Interest payable	17,439	12,615	32,469	21,415
Dividend payable	-	-	-	-
Deposits held	-	-	711	444
Amounts due to customers under construction contracts	-	-	19	19
Retentions	14,847	13,426	15,942	14,309
Other payables	-	-	-	-
Total creditors and other payables	**134,661**	**100,522**	**284,483**	**202,195**
Taxes and transfers payable	6,407	8,360	32,352	28,949
Payables under exchange transactions - current	128,254	91,102	252,131	172,186
Total current payables	134,661	99,462	284,483	201,135
Payables under exchange transactions - non-current	-	1,060	-	1,060
Total creditors and other payables	**134,661**	**100,522**	**284,483**	**202,195**

9 Income taxes

Accounting Policy / Kaupapahere Kaute

Income tax on the surplus or deficit for the year includes current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the reporting date.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

9.1 Components of tax expense

		Parent		Group
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Current tax expense/(income)	-	(8)	33,444	26,710
Adjustments to current tax of prior years	-	-	(12,346)	(1,926)
Deferred tax expense/(income)	1,606	(227)	11,337	(22,197)
Impairment of deferred tax asset	-	-	-	-
Benefit arising from previously unrecognised tax losses	-	-	-	(1,500)
Reduction in deferred tax on buildings	-	-	-	-
Deferred tax expense/(income) from change in tax rates	-		-	
Deferred tax expense relating to use of prior year losses	-	-	-	-
Total tax expense/(income)	**1,606**	**(235)**	**32,435**	**1,087**
Reconciliation of prima facie income tax:				
Surplus/(deficit) before tax	416,435	215,394	491,856	336,317
Income tax expense at 28%	116,602	60,310	137,720	94,169
Non-deductible expenses	263,995	240,117	265,599	241,616
Non-assessable income and non-deductible items	(380,596)	(291,652)	(379,910)	(319,591)
Effect on deferred tax balances of change in tax rate	-	-	-	-
Deferred tax recognised	1,606	(227)	12,204	(13,919)
Reduction in deferred tax on buildings	-	-	-	-
Previously unrecognised and unused tax losses now	-	-	-	-
Deferred tax assets on previously unrecognised and unused tax losses	-	-	(10)	-
(Over)/under provision of income tax in previous year	-	-	(71)	530
Imputation adjustment	-	(8,775)	-	-
Other	-	(8)	(3,097)	(1,718)
Total tax expense/(income)	**1,606**	**(235)**	**32,435**	**1,087**
Income tax recognised in other comprehensive income				
Deferred tax				
Asset revaluations	-	(227)	(78,323)	(44,063)
Revaluations of financial instruments treated as cash flow hedges	-	-	(4,614)	(31,820)
Effect on reserves balance due to changes in income tax rates	-	-	-	-
	-	**(227)**	**(82,937)**	**(75,883)**

Commentary / Korerotanga

The tax rate in the above reconciliation is the corporate tax rate of 28 per cent (2022: 28 per cent) payable by New Zealand companies on taxable profits under New Zealand tax law.

The Parent is a member of the CCC Tax Group. The tax group includes Christchurch City Council, Christchurch City Holdings Limited, Te Kaha Project Delivery Limited and Venue Ōtautahi Limited.

During the year, the CCC Tax group distributed $42.4 million of tax losses and received $16.5 million of subvention payments from Enable Networks Limited, Lyttelton Port Company Limited as representative member of Lyttelton Port Group, Civic Building Limited, Eco Central Limited, City Care Limited as representative of City Care Group, Christchurch International Airport Limited and Development Christchurch Limited.

9.2 Current tax assets and liabilities

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Current tax assets				
Subvention/Tax refund receivable	-	-	-	-
Total current tax assets	**-**	**-**	**-**	**-**
Current tax payables				
Income tax payable	-	-	-	-
Total current tax liabilities	**-**	**-**	**-**	**-**

9.3 Deferred tax balance

	Parent				Group				
		Charged to:				Charged to:			
	Opening balance $000	Net surplus and deficit $000	Other compr. revenue and expense $000	Closing balance $000	Opening balance $000	Net surplus and deficit $000	Other compr. revenue and expense $000	Acquired through business comb./ Prior period adj. $000	Closing balance $000
30 June 2023									
Deferred tax liabilities:									
Cashflow/Fair value hedges	-	-	-	-	19,885	216	4,631	-	24,732
Property, plant and equipment	3,719	(197)	-	3,522	447,821	153	78,323	94	526,391
Intangible assets	-	-	-	-	-	(1,085)	-	8,438	7,353
Other	-	-	-	-	55,967	(8,728)	-	(48)	47,191
Total deferred tax liabilities	**3,719**	**(197)**	**-**	**3,522**	**523,673**	**(9,444)**	**82,954**	**8,484**	**605,667**
Deferred tax assets:									
Cashflow/Fair value hedges	-	-	-	-	167	-	17	-	184
Property, plant and equipment	-	-	-	-	29,681	(3,397)	-	-	26,284
Intangible assets	-	-	-	-	464	-	-	-	464
Provisions and employee entitlements	-	-	-	-	10,368	311	-	372	11,051
Doubtful debts and impairment losses	-	-	-	-	37	20	-	-	57
Tax losses	3,719	(1,803)	-	1,916	28,295	(18,267)	-	-	10,028
Other	-	-	-	-	2,733	552	-	-	3,285
Total deferred tax assets	**3,719**	**(1,803)**	**-**	**1,916**	**71,745**	**(20,781)**	**17**	**372**	**51,353**
Net deferred tax liability / (asset)	**-**	**1,606**	**-**	**1,606**	**451,928**	**11,337**	**82,937**	**8,112**	**554,314**

	Parent				Group				
		Charged to:				Charged to:			
	Opening balance $000	Net surplus and deficit $000	Other compr. revenue and expense $000	Closing balance $000	Opening balance $000	Net surplus and deficit $000	Other compr. revenue and expense $000	Acquired through business comb./ Prior period adj. $000	Closing balance $000
30 June 2022									
Deferred tax liabilities:									
Cashflow/Fair value hedges	-	-	-	-	4,621	687	10,704	3,873	19,885
Property, plant and equipment	3,540	(48)	227	3,719	367,692	6,618	44,063	29,448	447,821
Intangible assets	-	-	-	-	28	(492)	-	464	-
Other	-	-	-	-	58,104	(2,863)	-	726	55,967
Total deferred tax liabilities	**3,540**	**(48)**	**227**	**3,719**	**430,445**	**3,950**	**54,767**	**34,511**	**523,673**
Deferred tax assets:									
Cashflow hedges									
Cashflow/Fair value hedges	-	-	-	-	17,410	-	(21,116)	3,873	167
Property, plant and equipment	-	-	-	-	-	218	-	29,463	29,681
Intangible assets	-	-	-	-	-	-	-	464	464
Provisions and employee entitlements	-	-	-	-	9,274	1,116	-	(22)	10,368
Doubtful debts and impairment losses	-	-	-	-	153	(1)	-	(115)	37
Tax losses	3,540	179	-	3,719	3,143	25,233	-	(81)	28,295
Other	-	-	-	-	2,861	(419)	-	291	2,733
Total deferred tax assets	**3,540**	**179**	**-**	**3,719**	**32,841**	**26,147**	**(21,116)**	**33,873**	**71,745**
Net deferred tax liability / (asset)	**-**	**(227)**	**227**	**-**	**397,604**	**(22,197)**	**75,883**	**638**	**451,928**

9.4 Unrecognised tax losses

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
The following tax losses have not been brought to account as assets:				
Tax losses	-	5,775	-	-
Tax effect	**-**	**1,617**	**-**	**-**

9.5 Imputation credit balances

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Imputation credits available to the tax group for use in subsequent reporting periods	-	-	213,202	202,804

10 Property, plant & equipment

Accounting Policy / Kaupapahere Kaute

Property, plant and equipment
Property, plant and equipment is recorded at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation (if applicable) **or** at historical cost less depreciation (if applicable).

Property, plant and equipment held at fair value includes land (excluding land under roads), buildings, electricity distribution network, airport sealed surfaces, marine structures, Infrastructure assets, heritage assets and works of art assets.

All other property, plant and equipment including land under roads is stated at historical cost less depreciation.

Revaluation
Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in surplus or deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in surplus or deficit.

For assets being revalued, the total accumulated depreciation prior to the date of valuation is transferred to the gross carrying amount of the asset. The new carrying value amount is then restated to the new revalued amount of the asset.

Cost
Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

Capital expenditure
Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Operating expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

Additions
The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals
Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation
Bare land is not depreciated, park improvements (example swings, jungle gyms and trees) on freehold land are depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Net asset value
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of PBE IPSAS 21 – Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 - Impairment of Cash-Generating Assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date in accordance with the requirements of PBE IPSAS 17 – Property, Plant and Equipment.

Impairment
For the purpose of assessing impairment indicators and impairment testing of non-financial assets, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets. Impairment losses are recognised through surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Property, plant and equipment measured at fair value however is reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The carrying amounts of the Council's other assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

Restrictions
Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Leasing
The net carrying amount of plant and equipment held under finance leases is $199 million (2022: $198 million). Note 22 provides further information about finance leases.

Useful life
The following table highlights the useful life of property plant and equipment, confirmed through the valuation process, which drives the depreciation charge for each asset category and asset class.

Operational and restricted assets		**Infrastructure assets**	
Category	**Estimated Useful Life**	**Category**	**Estimated Useful Life**
Buildings	1-100 yrs	Formation	Not depreciated
Computer and other equipment	1-10 yrs	Pavement sub-base	Not depreciated
Mobile plant including vehicles	2-30 yrs	Basecourse	40-120 yrs
Buses	17-26 yrs	Footpaths and cycleways	20-80 yrs
Sealed surfaces (other than roads)	9-100 yrs	Surface	2-80 yrs
Container cranes	30 yrs	Streetlights and signs	5-50 yrs
Harbour structures	3-50 yrs	Kerb, channel, sumps and berms	80 yrs
Seawalls	100 yrs	Tram tracks and wires	40-100 yrs
Telecommunications infrastructure	12-50 yrs	Parking meters	10 yrs
Electricity distribution system	60 yrs	Railings	20-50 yrs
Electricity load control equipment	60 yrs	Landscape/medians	8-80 yrs
Leasehold land improvements	5-100 yrs	Drain pipes/culverts/retaining walls	20-115 yrs
Land improvements	10-60 yrs	Bridges	70-100 yrs
Library books	3-8 yrs	Bus shelters and furniture	6-40 yrs
Vessels	5-25 yrs	Water supply	2-130 yrs
		Water meters	25-40 yrs
Planted areas	15-115 yrs	Stormwater	20-150 yrs
Reserves – sealed areas	10-60 yrs	Waterways	10-100 yrs
Reserves – structures	10-80 yrs	Sewer	40-150 yrs
Historic buildings	20-125 yrs	Treatment plant	15-100 yrs
Art works	1000 yrs	Pump stations	5-100 yrs
Heritage assets	1000 yrs		

Change in presentation
The presentation of property, plant and equipment is changed in 2022/23 to enhance the understandability of the financial information. Key changes include:

- Operational assets – freehold land is split into freehold hold and park improvements,
- Infrastructure assets – roads and footpath is split into transportation and land under road,
- Restricted assets – land and buildings is split into land and buildings and parks improvements.

Prior year comparatives have been amended accordingly.

10.1 Property, plant and equipment (Parent)

		Opening balances			Current year	Closing balances		
Parent 2023		**Cost/ valuation $000**	**Accumulated depreciation $000**	**Carrying amount $000**	**Net movements $000**	**Cost/ valuation $000**	**Accumulated depreciation $000**	**Carrying amount $000**
Operational assets								
Freehold land	FV	714,028	-	714,028	(858)	713,170	-	713,170
Park improvements	FV	36,942	(2,795)	34,147	1,293	41,133	(5,693)	35,440
Buildings	FV	1,258,088	(29,310)	1,228,778	(12,284)	1,248,992	(32,498)	1,216,494
Plant & equipment	Cost	134,930	(109,136)	25,794	(536)	127,074	(101,816)	25,258
Landfill	Cost	8,217	(8,217)	-	-	8,217	(8,217)	-
Library books	Cost	140,536	(127,887)	12,649	(334)	144,129	(131,814)	12,315
Work in progress	Cost	192,451	-	192,451	176,494	368,945	-	368,945
		2,485,192	**(277,345)**	**2,207,847**	**163,775**	**2,651,660**	**(280,038)**	**2,371,622**
Infrastructure assets								
Transportation	FV	2,630,261	(325)	2,629,936	48,285	2,755,184	(76,963)	2,678,221
Land under road	Cost	439,862	-	439,862	(1,797)	438,065	-	438,065
Wastewater	FV	3,374,217	(5,453)	3,368,764	40,157	3,415,184	(6,263)	3,408,921
Water supply	FV	1,917,700	(3,300)	1,914,400	131,902	2,046,466	(164)	2,046,302
Storm water	FV	1,762,642	(1,550)	1,761,092	595,580	2,356,761	(89)	2,356,672
Work in progress	Cost	253,927	-	253,927	20,962	274,889	-	274,889
		10,378,609	**(10,628)**	**10,367,981**	**835,089**	**11,286,549**	**(83,479)**	**11,203,070**
Restricted assets								
Land and buildings	FV	1,136,777	(481)	1,136,296	126,572	1,263,441	(573)	1,262,868
Park improvements	FV	349,544	(23,846)	325,698	6,763	377,814	(45,353)	332,461
Marine structure	FV	43,354	(2,549)	40,805	861	46,546	(4,880)	41,666
Artworks	FV	109,689	-	109,689	940	110,739	(110)	110,629
Heritage assets	FV	21,486	(213)	21,273	2,155	23,664	(236)	23,428
Public art	FV	16,699	(21)	16,678	337	17,053	(38)	17,015
Library books	Cost	8,995	-	8,995	2,651	11,646	-	11,646
Work in progress	Cost	18,440	-	18,440	13,443	31,883	-	31,883
		1,704,984	**(27,110)**	**1,677,874**	**153,722**	**1,882,786**	**(51,190)**	**1,831,596**
Total Parent PPE		**14,568,785**	**(315,083)**	**14,253,702**	**1,152,586**	**15,820,995**	**(414,707)**	**15,406,288**

Property, plant and equipment (Parent) *continued*

Parent 2023		Additions $000	Net disposals/ Transfers* $000	Impairment charged to surplus $000	Net movement in WIP $000	Depreciation $000	Revaluation movement $000	Net current year movements $000
		Current year movements						
Operational assets								
Freehold land	FV	6,172	(7,030)	-	-	-	-	(858)
Park improvements	FV	4,018	172	-	-	(2,897)	-	1,293
Buildings	FV	16,767	(1,884)	-	-	(27,167)	-	(12,284)
Plant & equipment	Cost	8,523	(61)	-	-	(8,998)	-	(536)
Landfill	Cost	-	-	-	-	-	-	-
Library books	Cost	3,594	-	-	-	(3,928)	-	(334)
Work in progress	Cost	-	-	-	176,494	-	-	176,494
		39,074	**(8,803)**	**-**	**176,494**	**(42,990)**	**-**	**163,775**
Infrastructure assets								
Transportation	FV	126,241	(1,318)	-	-	(76,638)	-	48,285
Land under road	Cost	6,047	(7,844)	-	-	-	-	(1,797)
Wastewater	FV	103,207	(4,244)	-	-	(81,359)	22,553	40,157
Water supply	FV	40,893	(4,197)	-	-	(47,720)	142,926	131,902
Storm water	FV	53,147	(400)	-	-	(24,331)	567,164	595,580
Work in progress	Cost	-	-	-	20,962	-	-	20,962
		329,535	**(18,003)**	**-**	**20,962**	**(230,048)**	**732,643**	**835,089**
Restricted assets								
Land and buildings	FV	119,991	7,154	-	-	(573)	-	126,572
Park improvements	FV	26,419	1,850	-	-	(21,506)	-	6,763
Marine structure	FV	3,191	-	-	-	(2,330)	-	861
Artworks	FV	1,050	-	-	-	(110)	-	940
Heritage assets	FV	2,178	-	-	-	(23)	-	2,155
Public art	FV	354	-	-	-	(17)	-	337
Library books	Cost	2,651	-	-	-	-	-	2,651
Work in progress	Cost	-	-	-	13,443	-	-	13,443
		155,834	**9,004**	**-**	**13,443**	**(24,559)**	**-**	**153,722**
Total Parent PPE		**524,443**	**(17,802)**	**-**	**210,899**	**(297,597)**	**732,643**	**1,152,586**

*** Disposals in this reconciliation are reported net of accumulated depreciation and include PPE classified as held for sale during the year.

Property, plant and equipment (Parent) *continued*

		Opening balances			Current year	Closing balances (restated)		
Parent 2022		**Cost/ valuation $000**	**Accumulated depreciation $000**	**Carrying amount $000**	**Net movements $000**	**Cost/ valuation $000**	**Accumulated depreciation $000**	**Carrying amount $000**
Operational assets								
Freehold land	FV	481,766	-	481,766	232,262	714,028	-	714,028
Park improvements	FV	34,772	(19)	34,753	(606)	36,942	(2,795)	34,147
Buildings	FV	1,110,533	(3,569)	1,106,964	121,814	1,258,088	(29,310)	1,228,778
Plant & equipment	Cost	128,085	(100,386)	27,699	(1,905)	134,930	(109,136)	25,794
Landfill	Cost	8,217	(8,217)	-	-	8,217	(8,217)	-
Library books	Cost	136,653	(123,898)	12,755	(106)	140,536	(127,887)	12,649
Work in progress	Cost	135,577	-	135,577	56,874	192,451	-	192,451
		2,035,603	**(236,089)**	**1,799,514**	**408,333**	**2,485,192**	**(277,345)**	**2,207,847**
Infrastructure assets								
Transportation	FV	2,490,101	(132,797)	2,357,304	272,632	2,630,261	(325)	2,629,936
Land under road	Cost	435,191	-	435,191	4,671	439,862	-	439,862
Wastewater	FV	2,921,338	(70,091)	2,851,247	517,517	3,374,217	(5,453)	3,368,764
Water supply	FV	1,690,881	(40,658)	1,650,223	264,176	1,917,700	(3,300)	1,914,400
Storm water	FV	1,564,057	(21,247)	1,542,810	218,282	1,762,642	(1,550)	1,761,092
Work in progress	Cost	201,101	-	201,101	52,826	253,927	-	253,927
		9,302,669	**(264,793)**	**9,037,876**	**1,330,104**	**10,378,609**	**(10,628)**	**10,367,981**
Restricted assets								
Land and buildings*	FV	843,248	-	843,248	293,048	1,136,777	(481)	1,136,296
Park improvements	FV	332,445	(2,846)	329,599	(3,901)	349,544	(23,846)	325,698
Marine structure	FV	43,047	(603)	42,444	(1,639)	43,354	(2,549)	40,805
Artworks	FV	80,984	(161)	80,823	28,866	109,689	-	109,689
Heritage assets	FV	21,486	(191)	21,295	(22)	21,486	(213)	21,273
Public art	FV	16,552	(5)	16,547	131	16,699	(21)	16,678
Library books	Cost	8,609	-	8,609	386	8,995	-	8,995
Work in progress	Cost	8,920	-	8,920	9,520	18,440	-	18,440
		1,355,291	**(3,806)**	**1,351,485**	**326,389**	**1,704,984**	**(27,110)**	**1,677,874**
Total Parent PPE*		**12,693,563**	**(504,688)**	**12,188,875**	**2,064,826**	**14,568,785**	**(315,083)**	**14,253,701**

* The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note.

Property, plant and equipment (Parent) *continued*

		Current year movements (restated)						
Parent 2022		**Additions $000**	**Net disposals/ Transfers* $000**	**Impairment charged to surplus $000**	**Net movement in WIP $000**	**Depreciation $000**	**Revaluation movement $000**	**Net current year movements $000**
Operational assets								
Freehold land	FV	63,085	(2,203)	-	-	-	171,380	232,262
Park improvements	FV	2,173	(2)	-	-	(2,777)	-	(606)
Buildings	FV	49,481	(54)	-	-	(25,742)	98,129	121,814
Plant & equipment	Cost	7,779	(460)	-	-	(9,224)	-	(1,905)
Electricity distribution		-	-	-	-	-	-	-
Airport infrastructure		-	-	-	-	-	-	-
Harbour structures		-	-	-	-	-	-	-
Optical fibre network		-	-	-	-	-	-	-
Landfill	Cost	-	-	-	-	-	-	-
Library books	Cost	3,883	-	-	-	(3,989)	-	(106)
Work in progress	Cost	-	-	-	56,874	-	-	56,874
		126,401	**(2,719)**	**-**	**56,874**	**(41,732)**	**269,509**	**408,333**
Infrastructure assets								
Transportation	FV	128,253	(3,850)	-	-	(69,492)	217,721	272,632
Land under road	Cost	4,794	(123)	-	-	-	-	4,671
Wastewater	FV	34,812	(6,430)	-	-	(66,994)	556,129	517,517
Water supply	FV	30,463	(4,140)	-	-	(39,593)	277,446	264,176
Storm water	FV	29,217	(1,150)	-	-	(20,925)	211,140	218,282
Work in progress	Cost	-	-	-	52,872	-	(46)	52,826
		227,539	**(15,693)**	**-**	**52,872**	**(197,004)**	**1,262,390**	**1,330,104**
Restricted assets								
Land & buildings*	FV	61,436	(1,172)	-	-	(481)	233,265	293,048
Park improvements	FV	17,116	(17)	-	-	(21,000)	-	(3,901)
Marine structure	FV	307	-	-	-	(1,946)	-	(1,639)
Artworks	FV	623	-	-	-	(82)	28,325	28,866
Heritage assets	FV	-	-	-	-	(22)	-	(22)
Public art	FV	148	-	-	-	(17)	-	131
Library books	Cost	386	-	-	-	-	-	386
Work in progress	Cost	-	-	-	9,520	-	-	9,520
		80,016	**(1,189)**	**-**	**9,520**	**(23,548)**	**261,590**	**326,389**
Total Parent PPE*		**433,956**	**(19,601)**	**-**	**119,266**	**(262,284)**	**1,793,489**	**2,064,826**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior P eriod" Note.
*** Disposals in this reconciliation are reported net of accumulated depreciation and include PPE classified as held for sale dur ing the year.

Vested Assets in the Prior Period

During the financial year 22/23, Management identified land relating to the Residential Red Zone that was vested prior to 30 June 2022. This land had not previously been captured in the system. The prior year figures have been adjusted to recognise these assets at a value of $32.1 million. This error impacted Property, Plant and Equipment and Vested Asset Revenue.

Opening balances in the Statement of Financial Position as at 1 July 22 as well as prior year balances (30 June 2022) were restated to improve year on year comparability of the financial statements. Details of all adjustments, including adjustments for vested assets, are outlined in the following table:

	30-Jun-22			30-Jun-22		
	Parent			Group		
	Reported $000	Adjusted $000	Restated $000	Reported $000	Adjusted $000	Restated $000
Statement of comprehensive revenue and expense						
Other revenue	285,648	32,132	317,780	1,205,438	32,132	1,237,570
Total revenue	**1,083,325**	**32,132**	**1,115,457**	**1,978,505**	**32,132**	**2,010,637**
Surplus before income tax expense	**183,262**	**32,132**	**215,394**	**304,185**	**32,132**	**336,317**
Surplus for the period	**183,497**	**32,132**	**215,629**	**303,098**	**32,132**	**335,230**
Surplus for the period attributable to:						
Parent entity	183,497	32,132	215,629	284,576	32,132	316,708
Total surplus for the period	**183,497**	**32,132**	**215,629**	**303,098**	**32,132**	**335,230**
Total comprehensive revenue and expense attributable to:						
Equity holders of the parent	2,407,183	32132	2,439,315	2,528,280	32,132	2,560,412
Total comprehensive revenue and expense	**2,407,183**	**32132**	**2,439,315**	**2,618,061**	**32,132**	**2,650,193**
Statement of financial position						
Plant Property Equipment	14,221,569	32,132	14,253,701	18,655,061	32,132	18,687,193
Total non-current assets	**17,704,814**	**32,132**	**17,736,946**	**19,760,704**	**32,132**	**19,792,836**
Total assets	**18,179,725**	**32,132**	**18,211,857**	**20,344,929**	**32,132**	**20,377,061**
Net assets	**15,883,335**	**32,132**	**15,915,467**	**15,734,378**	**32,132**	**15,766,510**
Equity						
Parent entity interest	4,602,275	32,132	4,634,407	5,435,896	56,175 (1)	5,492,071
Reserves	11,281,060	-	11,281,060	9,868,848	-24,043 (2)	9,844,805
Total Equity	**15,883,335**	**32,132**	**15,915,467**	**15,734,378**	**32,132**	**15,766,510**
Statement of changes in net assets/equity						
Surplus for the period	183,497	32,132	215,629	303,098	32,132	335,230
Balance as at 1 July 2022	**15,883,335**	**32,132**	**15,915,467**	**15,734,378**	**32,132**	**15,766,510**

(1) This includes the Orion adjustment of $24 million, for more details refer to Note 10.7.

(2) This relates to the Orion adjustment, for more details refer to Note 10.7.

10.2 Work in progress

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Waste water	57,341	92,499	57,341	92,499
Water supply	77,507	48,188	77,507	48,188
Storm water	69,397	61,437	69,397	61,437
Transportation	70,644	51,803	70,644	51,803
Total infrastructural	**274,889**	**253,927**	**274,889**	**253,927**
Building - operational	368,945	192,451	368,945	192,451
Building - restricted	31,883	18,440	31,883	18,440
Other- Operational	-	-	211,855	143,304
Total PPE work in progress	**675,717**	**464,818**	**887,572**	**608,122**

Commentary / Korerotanga

Major infrastructure projects within work in progress include a number of wastewater and water reticulation repair and replacement programmes such as the Lyttelton Harbour Wastewater Scheme and Akaroa Reclaimed Water Treatment and Reuse Scheme. Operating projects within work in progress include metro sport facility and Te Kaha.

Work continued across the Group updating infrastructure assets including the fibre network and electrical reticulation.

10.3 Core Assets (Parent)

2023	**Closing Book Value $000**	**Assets constructed for the year $000**	**Assets transferred for the year $000**	**Replacement Cost as at year end $000**
Treatment plants	331,543	16,766	-	643,126
Reticulation	3,077,378	81,477	4,964	5,690,704
Waste water	**3,408,921**	**98,243**	**4,964**	**6,333,830**
Treatment plants	6,577	1,296	-	14,825
Reticulation	2,039,725	34,836	4,761	3,720,150
Water supply	**2,046,302**	**36,132**	**4,761**	**3,734,975**
Storm water drainage	2,229,996	16,074	12,189	2,799,562
Flood protection and control works	126,676	24,884	-	143,791
Stormwater	**2,356,672**	**40,958**	**12,189**	**2,943,353**
Transportation	2,678,221	116,650	9,591	4,902,795
Total infrastructure assets	**10,490,116**	**291,983**	**31,505**	**17,914,953**

2022	Closing Book Value $000	Assets constructed for the year $000	Assets transferred for the year $000	Replacement Cost as at year end $000
Treatment plants	275,875	1,312	-	572,270
Reticulation	3,092,889	28,697	4,803	5,706,168
Waste water	**3,368,764**	**30,009**	**4,803**	**6,278,438**
Treatment plants	11,138	-	-	17,112
Reticulation	1,903,261	27,200	3,263	3,455,880
Water supply	**1,914,399**	**27,200**	**3,263**	**3,472,992**
Storm water drainage	1,582,838	1,198	8,598	2,411,146
Flood protection and control works	178,254	19,421	-	195,499
Stormwater	**1,761,092**	**20,619**	**8,598**	**2,606,645**
Roads and footpaths	3,069,798	115,397	17,650	4,779,385
Total infrastructure assets	**10,114,053**	**193,225**	**34,314**	**17,137,460**

Commentary / Korerotanga

The Parent completed the construction of $292.0 million (2022: $193.2 million) relating to its core infrastructure and received a further $31.5million (2022: $34.3 million) of vested assets. These assets are carried at their net book value using their respective historical costs or deemed costs as revalued.

The replacement cost is based on the replacement cost estimate at the last valuation of the asset class, water supply (2023), wastewater (2023), storm water drainage including flood protection and control works (2023) and roads and footpaths (2023), plus assets constructed and transferred since the last revaluation date.

10.4 Revaluations and review for impairment (Parent)

Three Waters	Revaluation date:	30 June 2023
	Independent valuer:	WSP New Zealand
	Valuation methodology:	Optimum Depreciated replacement cost (ODRC) method in accordance with PBE IPSAS 17

Key valuation assumptions

The ODRC was calculated using the following assumption:

-The unit cost rates for valuing the three water assets reflect an average cost rate for local constructions. Where there has been recent construction / renewal activity, the actual construction costs are used in place of the existing average rates.

- A minimum asset life of three years for assets with expected total useful life of less or equal to 30 years, and a minimum asset life of 10% of asset expected total useful life for assets with expected useful life greater than 30 years and capped at five years.

- Earthworks for wastewater lift & monitoring stations and stormwater channel linings have been assigned a residual value of 100% and 80% respectively. A residual value of 50% of programming fees has been allowed for Water supply Human Machine Interface (HMI) assets. A residual value of 0% has been adopted for all other water assets.

- If no age or condition information is given the asset is assumed to be halfway through its expected life.

Sensitivity analysis

Assumption change	Valuation movement Up	Valuation movement down
	$000	$000
Wastewater +/- 5%	170,446	(170,446)
Water supply +/- 5%	102,315	(102,315)
Storm water +/- 5%	117,834	(117,834)

Land and buildings	Revaluation date:	30 June 2022
	Independent valuer:	William Blake Val Prof (Urb), ANZIV, FPINZ of Bayleys Valuations Ltd
	Valuation methodology:	Specialised structure: Estimated cost less depreciation Other land and buildings: Market value

Key valuation assumptions

- For most assets market values are determined by reference to the active market for real estate that is traded frequently in the open market.

- Specialised structures such as the community centres, public toilets, sports facilities, and some heritage items are valued at estimated cost less depreciation due to an absence of market.

- Specialised land, which is held for public benefits such as parks and reserves, reference has been made to the closest asset class for which there is observable data. Adjustments are necessary to account for locational preference.

Sensitivity analysis

Assumption change	Valuation movement Up	Valuation movement down
	$000	$000
Land and buildings +/- 5%	143,342	(143,342)
CGPI 6.9% since last valuation	220,285	-

Transportation	Revaluation date:	30 June 2022
	Independent valuer:	WSP New Zealand
	Valuation methodology:	Depreciated replacement cost (DRC) method in accordance with PBE IPSAS 17

Key valuation assumptions

- Unit rates used in the 2019 valuation were updated using Waka Kotahi cost adjustment factors and assessed against recent construction schedules where available.

- Useful lives were determined considering the age, condition of the assets and the assets future service potential.

Sensitivity analysis

Assumption change	Valuation movement Up	Valuation movement down
	$000	$000
Roads and footpaths +/- 5%	133,911	(133,911)
CGPI 4.9% since last valuation	131,233	0

Park improvements	Revaluation date:	30 June 2021
	Independent valuer:	Internal valuation independently reviewed by WSP New Zealand Limited
	Valuation methodology:	Optimised depreciated replacement cost
Marine structures	Revaluation date:	30 June 2021
	Independent valuer:	Robert Berghuis, MPINZ of Beca Projects NZ Limited
	Valuation methodology:	Optimised depreciated replacement cost
Public Art	Revaluation date:	30 June 2021
	Independent valuer:	Ben Plumbly, Director of Art at Art + Object Limited
	Valuation methodology:	Fair market value

Accounting for earthquake damage

Accounting standards require that when an asset has been destroyed it should be de-recognised or written off. Similarly, where there is an indication that the value of an asset as recorded in the financial statements is greater than its actual value, the value of that asset must be reduced (this is known as impairment).

Recognition of impaired assets in these financial statements

The table below details the impairment / (impairment reversals) that have been taken against property plant and equipment since the earthquakes.

	Total $000	Released Prior Years $000	Released Current Year $000	Outstanding $000
Buildings/ facilities	142,034	(126,100)	-	15,934
Impairments	**142,034**	**(126,100)**	**-**	**15,934**
Infrastructural assets				
Roading	-	-	-	-
Wastewater	(1,116)	-	(1,116)	-
Water	-	-	-	-
Stormwater	-	-	-	-
Impairments	**(1,116)**	**-**	**(1,116)**	**-**
Impairments	**140,918**	**(126,100)**	**(1,116)**	**15,934**

Buildings / Facilities
In the years following the 2010/11 earthquake sequence an impairment was recognised on land and buildings of approximately $142 million. As the impacted land and buildings have been revalued the impairment has been released. There remains only two buildings with impairments that have not been valued during the normal revaluation cycle.

The impairment of the affected buildings was recognised by reducing the value of the assets in the Parent's financial statements and by reducing the value of the Parent's asset revaluation reserves by an equal amount.

The impairment will be reversed when the buildings are revalued or if repairs are expensed. $15.9 million of impairment remains at 30 June 2023 (2022: $15.9 million).

Trickling Filters
In November 2021, the two trickling filters located at the Council's Bromley Wastewater Treatment Plant suffered significant damage as a result of a fire. The fire has had a significant impact on the Council's ability to process waste water in Christchurch.

The plant and equipment associated with the trickling filters has been assessed for damage resulting in a large portion of the assets associated with the trickling filters being impaired in particular the media within the silos.

The trickling filters are a component of the waste water infrastructure class of property, plant and equipment. The waste water class has sufficient valuation gains to cover the cost of the impairment and therefore no impairment expense has been recognised in the statement of financial performance.

10.5 Insurance of assets (Parent)

	30 Jun 23 $000	30 Jun 22 $000
Insurance		
Insured value of assets covered by insurance	2,913,992	2,821,202
Book value of assets covered by insurance	10,096,164	8,508,917
Financial risk sharing arrangements		
Insured value of assets covered by financial risk sharing arrangements	0	-
Book value of assets covered by financial risk sharing arrangements	0	-
Total value of assets that are self-insured	0	-
Value of fund maintained for self-insured assets	0	-
Overall Cover		
The maximum amount to which assets are insured under Council insurance policies	2,913,992	2,821,202
Total book value of property Plant and Equipment*	15,406,288	14,253,702

* The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note.

Commentary / Korerotanga

Insurance cover

At 30 June 2023 the Parent had full replacement cover for the majority of buildings, and fire only cover for several major buildings which are remain unrepaired and/or un-strengthened following the Canterbury Earthquake Sequence. The total value of the cover over all buildings is $2.2 billion. The Parent self-insures any buildings with a value below $250,000.

The Parent has $580 million of insurance cover available for its underground infrastructure assets. This cover allows access to Crown funding, which will contribute up to 60 per cent of the cost of reinstating the assets. This gives total cover of approximately $8.3 billion on assets with a replacement value of $12.5 billion.

10.6 Property plant and equipment (Group)

		Opening balances			Current year	Closing balances		
Group 2023		**Cost/ valuation $000**	**Accumulated depreciation $000**	**Carrying amount $000**	**Net movements $000**	**Cost/ valuation $000**	**Accumulated depreciation $000**	**Carrying amount $000**
Operational assets								
Freehold land	FV	1,536,059	(12,061)	1,523,998	20,036	1,556,104	(12,070)	1,544,034
Park improvements	FV	36,942	(2,795)	34,147	1,293	41,133	(5,693)	35,440
Buildings	FV	2,322,523	(290,056)	2,032,467	37,016	2,359,403	(289,920)	2,069,483
Plant & equipment	Cost	653,335	(502,065)	151,270	35,486	658,701	(471,945)	186,756
Electricity distribution	FV	1,391,176	(212,015)	1,179,161	132,144	1,523,320	(212,015)	1,311,305
Airport infrastructure	FV	527,812	(44,682)	483,130	42,606	570,414	(44,678)	525,736
Harbour structures	FV	330,220	(153,473)	176,747	(439)	330,179	(153,871)	176,308
Optical fibre network	FV	801,992	(93,035)	708,957	70,255	851,208	(71,996)	779,212
Landfill	Cost	8,217	(8,217)	-	-	8,271	(8,271)	-
Library books	Cost	139,726	(127,889)	11,837	(407)	143,246	(131,816)	11,430
Work in progress	Cost	335,755	-	335,755	245,045	580,800	-	580,800
		8,083,757	**(1,446,288)**	**6,637,469**	**583,035**	**8,622,779**	**(1,402,275)**	**7,220,504**
Infrastructure assets		10,382,479	(10,629)	10,371,850	835,089	11,290,419	(83,480)	11,206,939
Restricted assets		1,704,984	(27,110)	1,677,874	153,722	1,882,786	(51,190)	1,831,596
Total Group PPE		**20,171,220**	**(1,484,027)**	**18,687,193**	**1,571,846**	**21,795,984**	**(1,536,945)**	**20,259,040**
Group 2022								
Operational assets								
Freehold land	FV	1,205,383	(12,052)	1,193,331	330,667	1,536,059	(12,061)	1,523,998
Park improvements	FV	34,772	(19)	34,753	(606)	36,942	(2,795)	34,147
Buildings	FV	2,074,670	(238,304)	1,836,366	196,101	2,322,523	(290,056)	2,032,467
Plant & equipment	Cost	627,302	(469,984)	157,318	(6,048)	653,335	(502,065)	151,270
Electricity distribution	FV	1,215,915	(169,773)	1,046,142	133,019	1,391,176	(212,015)	1,179,161
Airport infrastructure	FV	493,398	(33,595)	459,803	23,327	527,812	(44,682)	483,130
Harbour structures	FV	324,248	(147,025)	177,223	(476)	330,220	(153,473)	176,747
Optical fibre network	FV	769,311	(70,100)	699,211	9,746	801,992	(93,035)	708,957
Landfill	Cost	8,217	(8,217)	-	-	8,217	(8,217)	-
Library books	Cost	136,653	(123,898)	12,755	(918)	139,726	(127,889)	11,837
Work in progress	Cost	249,525	-	249,525	86,230	335,755	-	335,755
		7,139,394	**(1,272,967)**	**5,866,427**	**771,042**	**8,083,757**	**(1,446,288)**	**6,637,469**
Infrastructure assets		9,306,539	(264,793)	9,041,746	1,330,104	10,382,479	(10,629)	10,371,850
Restricted assets*		1,355,291	(3,806)	1,351,485	326,389	1,704,984	(27,110)	1,677,874
Total Group PPE*		**17,801,224**	**(1,541,566)**	**16,259,658**	**2,427,535**	**20,171,220**	**(1,484,027)**	**18,687,193**

* The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note.

Property plant and equipment (Group) *continued*

		Current year movements						
Group 2023		**Additions $000**	**Net disposals/ Transfers* $000**	**Impairment charged to surplus $000**	**Net movement in WIP $000**	**Depreciation $000**	**Revaluation movement $000**	**Net current year movments $000**
Operational assets								
Freehold land	FV	14,281	3,750	-	-	(9)	2,014	20,036
Park improvements	FV	4,018	172	-	-	(2,897)	-	1,293
Buildings	FV	16,923	2,264	(397)	-	(70,183)	88,409	37,016
Plant & equipment	Cost	59,842	13,454	-	-	(37,810)	-	35,486
Electricity distribution	FV	99,760	(1,095)	-	-	(47,106)	80,585	132,144
Airport infrastructure	FV	-	7,237	-	-	(13,490)	48,859	42,606
Harbour structures	FV	820	5,411	-	-	(6,670)	-	(439)
Optical fibre network	FV	-	34,914	-	-	(23,736)	59,077	70,255
Landfill	Cost	-	-	-	-	-	-	-
Library books	Cost	3,594	-	-	(73)	(3,928)	-	(407)
Work in progress	Cost	146,408	(88,332)	-	186,969	-	-	245,045
		345,646	**(22,225)**	**(397)**	**186,896**	**(205,829)**	**278,944**	**583,035**
Infrastructure assets		329,535	(18,003)	-	20,962	(230,048)	732,643	835,089
Restricted assets		155,834	9,004	-	13,443	(24,559)	-	153,722
Total Group PPE		**831,015**	**(31,224)**	**(397)**	**221,301**	**(460,436)**	**1,011,587**	**1,571,846**
Group 2022								
Operational assets								
Freehold land	FV	64,418	(15,350)	-	-	(9)	281,608	330,667
Park improvements	FV	2,173	(2)	-	-	(2,777)	-	(606)
Buildings	FV	95,370	5,599	4,134	-	(66,360)	157,358	196,101
Plant & equipment	Cost	22,826	3,097	-	-	(32,561)	590	(6,048)
Electricity distribution	FV	93,496	2,261	(3,664)	-	(42,242)	83,168	133,019
Airport infrastructure	FV	-	4,627	-	-	(11,087)	29,787	23,327
Harbour structures	FV	543	5,429	-	-	(6,448)	-	(476)
Optical fibre network	FV	840	31,841	-	-	(22,935)	-	9,746
Landfill	Cost	-	-	-	-	-	-	-
Library books	Cost	4,115	(1,042)	-	-	(3,991)	-	(918)
Work in progress	Cost	81,287	(59,345)	-	64,288	-	-	86,230
		365,068	**(22,885)**	**470**	**64,288**	**(188,410)**	**552,511**	**771,042**
Infrastructure assets		227,539	(15,693)	-	52,872	(197,004)	1,262,390	1,330,104
Restricted assets		80,016	(1,189)	-	9,520	(23,548)	261,590	326,389
Total Group PPE		**672,623**	**(39,767)**	**470**	**126,680**	**(408,962)**	**2,076,491**	**2,427,535**

De-recognition of impairments at a Group level

The Parent has unrealised revaluation gains in the land and building's asset classes and pursuant to PBE IPSAS 17, impairment losses within the Group relating to land and buildings are able to be offset against these gains.

*The comparative balances have been restated to reflect a correction of the prior year. Refer to "Vested Assets in the Prior Period" Note.

10.7 Revaluations and review for impairment (Group)

Below is a summary of valuation information for Council's subsidiaries. Detailed valuation assumptions, methodologies and discount rates can be found in the individual financial statements for the subsidiaries.

CCHL Group

Orion New Zealand Ltd

At 31 March 2023, Orion reviewed the fair value of its land and non-substation buildings in accordance with relevant standards. Based on a review by Orion management which considered price movements in the prior twelve months in the residential, commercial and industrial sectors, Directors formed a view that the carrying value of Orion's land and non-substation buildings is materially at fair value.
Minor land and building assets are carried at a combination of depreciated cost or government valuation totalling $1m as at 31 March 2023 (2022: $1m). The carrying value of freehold land also includes $2m (2022: $2m) of easements, valued as part of the electricity distribution network.

The fair value of property, plant and equipment includes $10m (2022: $11m) of right-of-use assets.

<u>Asset impairment</u>
As at 31 March 2023, Orion considered whether any assets showed indicators that their carrying value should be impaired. No indications of impairment were identified. Of note:
• the carrying value of Orion's electricity distribution network and substation buildings are materially in line with the Regulatory Asset Base (RAB) allowed by the New Zealand Commerce Commission. The RAB is a key determinant of the cash flows that assets generate.
• land and non-substation buildings were reviewed.
• other assets are sold at market values close to their carrying value.

<u>Correction of a material error in recognising asset impairment</u>
During the year, CCHL consolidated a correction of a material error relating to Orion's prior year financial statements, resulting from a change in accounting treatment in the 2016 financial year. During the 2016 to 2022 financial years, customers paid capital contributions towards assets initially measured at the cost of construction. Orion impaired (in Profit or loss) the carrying value of its electricity distribution network by the amount of capital contributions received as capital contributions reduce the value of Orion's regulatory asset base, which in turn reduce Orion's future revenue from future regulatory price resets. The correct treatment should have been to reduce revaluation of assets (in Other comprehensive income).

During the year ended 31 March 2023, Orion reviewed the carrying amounts of the electricity distribution network assets to determine whether there was any indication of impairment. For the purposes of impairment, where an asset does not generate cash flows independent of other assets, Orion considers the asset as belonging to the electricity distribution network, which is a single Cash-Generating Unit (CGU) in Orion.

As the carrying amounts of electricity distribution network assets are reviewed at balance date to determine if there are any indicators of impairment for the CGU, there is no requirement to separately assess the individual components previously impaired for capital contributions and therefore no separate impairment was, or is, required. In future years, any adjustments attributable to future capital contributions will be considered within Orion's valuation cycle.

Opening balances in the CCC Group Statement of financial position and Group Statement of changes in equity as of 1 July 2021 have been restated in relation to the Orion prior period error to improve year-on-year comparability of the financial statements. The effect of the correction of errors resulted in an increase in the Group's share of opening 2021 and 2022 Retained earnings of $23 million and a decrease in the Group's share of opening 2021 and 2022 Asset revaluation reserve of $23 million. The effect of the correction of errors resulted in an increase in the non-controlling interest (NCI) share of opening 2021 and 2022 Retained earnings of $3 million and a decrease in the NCI share of opening 2021 and 2022 Asset revaluation reserve of $3 million. The combined NCI impact is net neutral and therefore has a nil impact on reported NCI amounts.

Christchurch International Airport Ltd

CIAL's land, buildings, terminal facilities, car parking assets, and sealed surface and infrastructure assets are recorded at fair value and, in the absence of significant observable inputs, are classified as Level 3 within the fair value hierarchy.
On 30 June 2023, car parking assets were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. Land and commercial buildings were last valued at 30 June 2022 by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. Hotel business assets were last revalued in 2022 by CBRE. CIAL engaged CBRE as at 30 June 2023 to perform a fair value assessment, as it was decided that, notwithstanding the movements in discount rates and profitability, a revaluation was not required. The fair value was determined to be not materially different than carrying value. Sealed surfaces, terminal and infrastructure assets were valued by independent valuers WSP New Zealand Ltd as at 30 June 2023.

The revaluations resulted in an increase in valuation of $137 million (2022 $113 million).

Impairment

CIAL assessed that it has one core cash generating unit which comprises all of its terminal and airfield assets together and three other cash generating units - the hotel, car parking assets and investment property portfolio (noting that the hotel, car park assets and investment property have been revalued using valuation techniques that factor in the future discounted cash flows for those assets).

Terminal & Airfield CGU

CIAL has also performed an impairment assessment of its core terminal and airfield CGU using its overall enterprise- wide commercial valuation as a base. This applied a discounted cash flow approach and included the following inputs:

- the most recent revenue and expenses budgets for CIAL taken from the 2023 Business Plan;
- a terminal growth rate of 2%, which reflects a prudent estimate of the historical long- term growth rate of CIAL's revenue and operating costs over the last 20 years; and
- a discount rate of 7.81% which reflects an appropriate assessment of a WACC for regulated assets and related revenue streams and the risk related to the other non-regulated revenue streams from these assets.

The discounted cash flow valuation utilising the above variables highlighted no indication of impairment of this cash generating unit. With no change in any other variables a WACC in excess of 8.7% would result in an impairment being recognised.

Hotel Business Assets

The hotel business assets were fair value assessed by CBRE. This valuation is based on a discounted cash flow and capitalisation rate approach. Movements in discount rates and profitability highlighted no indication of impairment.

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Land Includes land used for airport activities and specialised aeronautical assets and for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business. (Revalued 2022).	Market value highest and best us approach, with an allowance bein deducted to allow for services valued as infrastructure assets and for further costs required to achieve the required zoning. Land included in car parking, hotel and investment property categories are not included in this category.	Adopted rate per hectare (average): Landside $920,000 (2021: $750,000). Airside $130,000 (2021: $110,000).	3	+/- $25m (of a 5% change in adopted rate).
Infrastructure and Sealed Surfaces Infrastructure and sealed surfaces including site services. (Revalued 2023).	Optimised depreciated replacement cost – the cost of constructing equivalent asset at current market-based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and the sub-optimal usage of the assets in their current application (optimisation). These inputs are deemed unobservable.	**Sealed Surfaces** Unit costs of combined concrete and asphalt pavement construction sqm: Range of $273-$396 (2022: $245-$349) with weighted average of $350 (2022: $304). **Infrastructure** Unit costs of road and footpaths construction sqm: Range of $20-$124 (2022: $20-$115) with weighted average of $81 (2022: $74). Unit costs of water and drainage construction m: Range of $256-$1,574 (2022: $229-$1,410) with weighted average of $612 (2022: $548).	3	+/- $19m (of a 5% change of cost estimate).
Buildings Buildings for identified airport activities, including office spaces and storage that exist because of the airport activities. (Revalued 2022).	Specialised buildings are valued by Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above. Buildings that are owned by CIAL that could be leased by a third party are valued on an income valuation approach similar to that used for Investment Properties.	Unit costs of construction sqm: Range of $504-$4,604 (2021: $504-$4,604) with weighted average of $1,130 (2021: $1,309).	3	+/- $2m (of a 5% change of cost estimate).
Hotel Business Assets Assets associated with the hotel, including land. (Revalued 2022).	Discounted cash flow and income capitalisation rate approach performed by independent valuers based on forecast trading and capital expenditure estimates, and market evidence.	Discount rate 9.75% (2021: 9.25%) Income Capitalisation rate 7.25% (2021: 7.0%)	3	+/- $3m for a change in discount rate by an absolute 0.5% +/- $3m for an absolute change in cap rate of 0.25%
Terminal (Revalued 2023).	Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above.	Unit costs of construction sqm: Range of $3,308 – $5,726 (2021: $2,675 – $5,051) with weighted average of $4,458 (2021: $3,817)	3	+/- $17m (of a 5% change of cost estimate)
Car parking Assets associated with car parking, taxi, shuttle and bus services (including land). (Revalued 2023).	Discounted cash flow valuation performed by independent valuers based on: • Internal CIAL management information such as forecast future revenues, costs and capital expenditure. • Assumptions such as the discount rate. These are based on CIAL management's judgement and arrived at in consultation with external experts. Both the internal CIAL management information and the discount rate are deemed to be unobservable inputs.	Revenue Growth per annum 0.5% and 0.5% for the 10-year cash flow period from year 11 (2022: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cash flow period and 2% from year 11 (2022: 2% and 2%). Discount rate 8.4% post tax, 10-year cash flow period and 8.4% from year 11 (2022: 8.0% and 8.0%).	3	+/- $9m (of a 5% change in discount rate) +/- $0.5m (of a change in growth rate to either 0% or 1.0% for year 11 onwards).
Plant & equipment, office & computers, motor vehicles and work in progress Plant and equipment, office & computers, motor vehicles and work in progress are measured at cost and comprises a mixture of specialised and non-specialised assets.	Not applicable – measured at cost less depreciation.			

Lyttelton Port Company Ltd

Net carrying value at 30 June 2023 was $573m (2022: $508m). Property, Plant and Equipment is carried at fair value. LPC has fair valued all of its property, plant and equipment.

(i) Choice of Valuation Methodology

LPC believes that valuing the assets based on future cash flows (the income approach) is the most appropriate technique to assess fair value. In assessing the present value, the cash flows have been aggregated across all assets as they are, in effect, interdependent and cannot be meaningfully separated into individual units. Therefore, a single enterprise valuation has been estimated.

LPC is not currently achieving a full recovery of the Enterprise Value (EV) if valued under an appropriate cost methodology. LPC's future cash flows (including forecast profitability and capital expenditure) would not support an asset base valued under the Optimised Depreciated Replacement Cost (ODRC) methodology. LPC has therefore valued its assets via the income approach as the best approximate fair value of the fixed assets.
The EV is based upon cash flows and approximates the price that a willing buyer or seller would pay for LPC's combined assets.
LPC's property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. In 2020, LPC engaged an independent valuer to assess the fair value of LPC's property, plant and equipment on a cost-approach using ODRC as the valuation technique. LPC also prepared an internal enterprise valuation using a discounted cash flow technique. The Board assessed that an income-based approach to fair value property, plant and equipment was a better assessment of fair value than using the cost-based approach. Therefore, the Board has adopted the internal valuation to fair value the assets.

(ii) Key Valuation Assumptions

The LPC Board of Directors have adopted a set of assumptions for the EV model. These assumptions are based on LPC management's best estimate and the actual outcome and impact on cash flows could vary significantly.

Single Cash Generating Unit (CGU) - LPC has assessed that its assets which are subject to the revaluation model (as noted above) are within one CGU. This means that all assets work together to generate cash flows. The key premise of this assumption is that the shipping channel enables the port to exist. The inland ports are a natural extension of the port at Lyttelton as without them, the port would not be able to operate as efficiently and would need more land at Lyttelton. The marina is included in the CGU as it requires the protection of some of the port's seawalls and breakwaters to exist.

The valuation does not include any estimates for significant port expansion within the next 15 years. Twenty-Foot Equivalent Unit (TEU) volumes are capped in the model at current estimated capacity. Cruise volumes have been forecast to grow from the current year volumes which reflect a recovery to pre-pandemic levels.

A 15 year period for forecast cash flows followed by a terminal value has been used due to the long term nature of LPC's infrastructure assets. COVID continues to impact LPC's Cruise and Fuel business which LPC has forecast to recover slowly but from a lower base.

The key drivers of the valuation are growth in container volume, margin improvement, capital expenditure and the WACC rate used. The adopted assumptions in these areas are shown in the table below.

LPC has an established control framework with respect to the measurement of fair values. This includes a valuation team made up of engineers, finance and operational professionals for overseeing all significant inputs into the underlying EV model.
When measuring the fair value of property, plant and equipment held, LPC uses observable market data as much as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Property, Plant and Equipment	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by LPC. The cash flow projections include specific estimates for 15 years. The expected net cash flows are discounted using a risk-adjusted discount rate.		**The estimated fair value would increase (decrease) if:**
		EBITDA Margin (average over 15 year period 37%). LPC has assumed average container pricing increase of 4.2% per year over the 15 year period which will have a material impact on the valuation.	The estimated EBITDA margin was higher (lower).
		Risk adjusted discount rate 7.17%	The risk adjusted discount rates were lower (higher).
		Container TEU growth rate 2.0%, with a maximum of 600,000 TEU	The estimated growth rate of TEU was higher (lower).
		Estimated capital expenditure; LPC has assessed major infrastructure (new or upgraded) and made an assessment of required replacement assets.	The estimated capital replacement costs were lower (higher).
		Terminal growth rate 2%.	The estimated terminal growth rates were higher (lower).

LPC Key Forecast Assumptions & Results	2023		2022	
	DCF Period FY24-FY38	Terminal	DCF Period FY23-FY37	Terminal
Revenue/Expense Inflation	2%-8%		2%-3.9%	
Container Pricing Increases	3%-24.4%		2%-19%	
TEU Volume Growth	2.0%		2.5%	
EBITDA Margin	30%-43%		28%-46%	
Growth Rate		2%		2%
WACC	7.17%	7.17%	7.30%	7.30%
Total capital in 15 year period (inflated) ($m)	701	73	1,184	40

Key Sensitivities – Impact of EV	Fair Value Impact ($m)	Impact on Equity Value
EBITDA Margin +1% (all years)	36	Increase in Equity Value
EBITDA Margin -1% (all years)	(36)	Decrease in Equity Value
WACC +0.5%	(52)	Decrease in Equity Value
WACC -0.5%	64	Increase in Equity Value
Container TEU Growth +0.5% (compounding per year)	11	Increase in Equity Value
Container TEU Growth -0.5% (compounding per year)	(15)	Decrease in Equity Value
Capital Cost +10% (all years)	(88)	Decrease in Equity Value
Capital Cost -10% (all years)	88	Increase in Equity Value
Terminal Growth +0.5%	35	Increase in Equity Value
Terminal Growth -0.5%	(29)	Decrease in Equity Value

In considering these assumptions, LPC's Board of Directors have also considered a range of sensitivities around WACC rates, Container TEU growth, capital cost and EBITDA margins. The results of this revaluation exercise indicate the carrying value approximates fair value and as a result no fair value adjustments have been made.

Enable Services Ltd

Net carrying value at 30 June 2023 was $791m (2022: $722m). Property, plant and equipment includes the original fibre optic network owned by Enable and the subsequent capital cost of deploying the UFB network covering all of Christchurch, Rolleston and Lincoln and parts of Rangiora, Kaiapoi and Woodend. The UFB network assets are long term infrastructure assets with long term investment horizons.

The Telecommunications Act 2001 has been amended to introduce regulation of fibre to the premises communication networks. From 1 January 2022 Price and Quality Regulation is imposed on Chorus, but Information Disclosure only. Regulation applies to the other local fibre companies, including Enable. The fibre to the premises regulation applies for a first period of three years and is then assumed to be followed by a second period of five years. Enable assumes that it remains subject to information disclosure regulation only. There remains significant uncertainty regarding the impact of fibre regulation on the market and on Enable's future revenue. The valuation outlined below has taken this revenue uncertainty into consideration.

The sensitivity of the 2023 UFB network valuation of $781m to relevant factors is summarised as follows:

Movement in	Range	Lower Value	Mid-Point	Upper Value
Connections	+ or - 1.0%	$766m	$780m	$794m
Average revenue per user	+ or - 1.0%	$766m	$780m	$794m
WACC	+ or - 0.5%	$721m	$785m	$848m

City Care Limited, RBL Property Limited (formerly Red Bus Limited), EcoCentral Limited and Development Christchurch Limited

Assets of these companies are either independently revalued at regular intervals or carried at cost less accumulated depreciation.

Venues Ōtautahi Limited

An independent valuer, Bayleys Valuations Limited, performed the most recent valuation of the buildings for the Christchurch Town Hall and Christchurch Arena at 30 June 2022. The opinion of the valuer was arrived at by a registered valuer (FPINZ), in accordance with PBE IPSAS 17.

The total fair value of the buildings assessed by Bayleys at 30 June 2022 was $228.5 million using a depreciated cost approach. There have been no optimisation adjustments for the most recent valuations and the remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans and experience with similar buildings.

11 Intangible assets

Accounting Policy / Kaupapahere Kaute

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Negative goodwill arising on an acquisition is recognised directly in surplus or deficit.

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives. Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

For the purpose of assessing impairment indicators and impairment testing of non-financial assets, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets. For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

Impairment

For the purpose of assessing impairment indicators and impairment testing of non-financial assets, the Council classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets. Impairment losses are recognised through surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of the Council's other assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount.

Carbon emission units

The Parent being a public benefit entity records carbon credits received from the Crown upon the registration of indigenous and exotic forest and plantations at historical cost. Group entities that prepare financial statements on the basis of "for profit" accounting standards record carbon emission units at fair value. The consolidated group financial statements are restated to historical cost for this class of intangible assets.

Useful lives

The following table highlights the useful of intangible assets, which drives the amortisation charge for each intangible asset category and intangible asset class.

Category	Estimated Useful Life	Category	Estimated Useful Life
Computer software licenses	>1-10 yrs	Resource consents and easements	5-25 yrs
Computer software development costs	>1-10 yrs	Patents, trademarks and licenses	10-20 yrs

11.1 Intangible assets

Parent 2023	Opening balances Cost/ valuation $000	Opening balances Accumulated amortisation $000	Opening balances Carrying amount $000	Current year Net movements $000	Closing balances Cost/ valuation $000	Closing balances Accumulated amortisation $000	Closing balances Carrying amount $000
Software	169,013	(102,789)	66,224	1,329	187,935	(120,382)	67,553
Work in progress (11.2)	18,241	-	18,241	6,490	24,731	-	24,731
Trademarks	3,304	(3,299)	5	-	3,304	(3,299)	5
Other intangibles	12,050	(6,451)	5,599	(1,187)	12,054	(7,642)	4,412
Total Parent intangibles	**202,608**	**(112,539)**	**90,069**	**6,632**	**228,024**	**(131,323)**	**96,701**
Group 2023							
Goodwill	46,333	(41,447)	4,886	42,223	88,916	(41,807)	47,109
Easements & resource consents	4,828	(3,942)	886	18	4,844	(3,940)	904
Software	249,873	(169,068)	80,805	3,387	275,866	(191,674)	84,192
Work in progress (11.2)	19,864	-	19,864	10,207	30,071	-	30,071
Trademarks	3,304	(3,300)	4	-	3,304	(3,300)	4
Other intangibles	17,069	(8,066)	9,003	21,937	44,821	(13,881)	30,940
Total Group intangibles	**341,271**	**(225,823)**	**115,448**	**77,772**	**447,822**	**(254,602)**	**193,220**

Parent 2023	Current year movements: Additions $000	Additions from internal development $000	Net disposals/ Transfers $000	Net movement in WIP $000	Impairment charged to Surplus $000	Amortisation $000	Current year net movement $000
Software	21,606	-	(1,051)	-	-	(19,226)	1,329
Work in progress (11.2)	-	-	-	6,490	-	-	6,490
Trademarks	-	-	-	-	-	-	-
Other intangibles	4	-	-	-	-	(1,191)	(1,187)
Total Parent intangibles	**21,610**	**-**	**(1,051)**	**6,490**	**-**	**(20,417)**	**6,632**
Group 2023							
Goodwill	42,583	-	-	-	(360)	-	42,223
Easements & resource consents	16	-	120	-	-	(118)	18
Software	27,999	755	2,640	-	(62)	(27,945)	3,387
Work in progress (11.2)	7,541	-	(3,824)	6,490	-	-	10,207
Trademarks	-	-	-	-	-	-	-
Other intangibles	28,505	-	303	-	(571)	(6,300)	21,937
Total Group intangibles	**106,644**	**755**	**(761)**	**6,490**	**(993)**	**(34,363)**	**77,772**

Intangible assets *continued*

	Opening balances			Current year	Closing balances		
Parent 2022	**Cost/ valuation $000**	**Accumulated amortisation $000**	**Carrying amount $000**	**Net movements $000**	**Cost/ valuation $000**	**Accumulated amortisation $000**	**Carrying amount $000**
Software	157,912	(85,099)	72,813	(6,589)	169,013	(102,789)	66,224
Work in progress (11.2)	8,584	-	8,584	9,657	18,241	-	18,241
Trademarks	3,304	(3,299)	5	-	3,304	(3,299)	5
Other intangibles	10,387	(5,280)	5,107	492	12,050	(6,451)	5,599
Total Parent intangibles	**180,187**	**(93,678)**	**86,509**	**3,560**	**202,608**	**(112,539)**	**90,069**
Group 2022							
Goodwill	46,333	(41,197)	5,136	(250)	46,333	(41,447)	4,886
Easements & resource consents	4,828	(3,826)	1,002	(116)	4,828	(3,942)	886
Software	231,761	(143,844)	87,917	(7,112)	249,873	(169,068)	80,805
Work in progress (11.2)	9,996	-	9,996	9,868	19,864	-	19,864
Trademarks	3,304	(3,300)	4	-	3,304	(3,300)	4
Other intangibles	14,115	(6,829)	7,286	1,717	17,069	(8,066)	9,003
Total Group intangibles	**310,337**	**(198,996)**	**111,341**	**4,107**	**341,271**	**(225,823)**	**115,448**

	Current year movements						
Parent 2022	**Additions $000**	**Additions from internal development $000**	**Net disposals/ Transfers $000**	**Net movement in WIP $000**	**Impairment charged to Surplus $000**	**Amortisation $000**	**Current year net movement $000**
Software	11,102	-	-	-	-	(17,691)	(6,589)
Work in progress (11.2)	-	-	-	9,657	-	-	9,657
Trademarks	-	-	-	-	-	-	-
Other intangibles	1,664	-	-	-	-	(1,172)	492
Total Parent intangibles	**12,766**	**-**	**-**	**9,657**	**-**	**(18,863)**	**3,560**
Group 2022							
Goodwill	-	-	-	-	(250)	-	(250)
Easements & resource consents	-	-	-	-	-	(116)	(116)
Software	14,107	1,392	2,614	(2)	-	(25,223)	(7,112)
Work in progress (11.2)	2,420	-	(2,209)	9,657	-	-	9,868
Trademarks	-	-	-	-	-	-	-
Other intangibles	2,122	-	844	-	(11)	(1,238)	1,717
Total Group intangibles	**18,649**	**1,392**	**1,249**	**9,655**	**(261)**	**(26,577)**	**4,107**

11.2 Work in progress

Intangible assets under construction by class of asset is detailed below:

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Software	24,731	18,241	30,071	19,864
Total intangibles work in progress	**24,731**	**18,241**	**30,071**	**19,864**

11.3 Goodwill

Accounting Policy / Kaupapahere Kaute

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

The carrying amount of goodwill allocated to cash-generating units (CGU) for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
(CCHL) Orion NZ Ltd	-	-	2,398	2,398
(CCHL) Christchurch International Airport Ltd	-		-	-
(CCHL) Enable Services Ltd	-		848	848
(CCHL) Red Bus Ltd	-		-	-
(CCHL) City Care Ltd	-		43,863	1,640
Other - specify	-			-
Other - specify	-			-
	-	**-**	**47,109**	**4,886**

11.4 Carbon emission units

Critical Judgements / Whakawa Tino

Carbon sequestration

The Parent has registered 206 hectares of regenerating indigenous forest on Banks Peninsula in the Te Oka reserve in the New Zealand Emission Trading Scheme (NZ ETS). The regenerating forest will sequester carbon and generate for the Parent a new asset class carbon emission units or New Zealand Units (NZU). The Ministry for Primary Industries has received the registration but will not issue NZU until the registration has been verified.

Commentary / Korerotanga

Carbon emission units

The price of carbon as at 30 June 2023 was $76.13 per New Zealand Unit (NZU) (2022: $70.66). One NZU is equivalent to one (1) tonne of carbon dioxide equivalent (tCO_2-e).

In 2023 CCC obtained confirmation from the Ministry for Primary Industries, and the equivalent fair value of the 948 ETS units (2022 est: 4,711.2) in Te Oka Reserve would have been approximately $0.07 million as at 30 June 2023 (2022 est: $0.333 million).

The historical cost of these carbon emission units is zero.

12 Service concession arrangements

Accounting Policy / Kaupapahere Kaute

The Council may acquire infrastructural assets by entering into a service concession arrangement (SCA) with a private operator to build, finance, and operate an asset over a specified period.

Assets acquired through an SCA are initially recognised at their fair value, with a corresponding liability. The asset is subsequently measured following the accounting policies above for property, plant, and equipment.

The Council has only entered into SCAs whereby the Council pays for the services provided by the operator. The monthly payments to the operator are recognised according to their substance as a reduction in the liability for the build of the asset, a finance expense, and an expense for charges for services provided by the operator.

12.1 Service concession asset

The service concession assets were completed in February 2009 and were recognised at fair value by the Parent as part of its property, plant and equipment (see Note 10). The building and plant & machinery had an estimated useful life of 30 years and 20 years, respectively, and are depreciated on a straight-line basis.

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Service concession asset				
Fair value of service concession asset on initial recognition	11,037	11,037	-	-
Accumulated depreciation to date	(7,391)	(6,879)	-	-
Net book value	**3,646**	**4,158**	**-**	**-**

12.2 Service concession liability

The Parent also recognised $11.0 million of liability in relation to the service concession arrangement at the same time it recognised the service concession assets. This liability is reversed as a revenue equally over the term of the arrangement consistent with the Grant of a right to the operator model under PBE IPSAS 32. The service concession liability is included in the Parent's Other liabilities under Note 26.

		Parent		Group	
		30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
		$000	**$000**	**$000**	**$000**
Service concession liability					
Opening balance		1,164	1,900	-	-
Service concession revenue recognised		(735)	(736)	-	-
Closing balance		**429**	**1,164**	**-**	**-**
Total current service concession liability	26	429	736	-	-
Total non-current service concession liability	26	-	429	-	-
		429	**1,165**	**-**	**-**

Commentary / Korerotanga

In May 2008 the Parent (as grantor) entered into an arrangement with an operator to construct the Material Recovery Facility (MRF) located at 21 Parkhouse Road. The arrangement required the operator to build, own and operate the service concession assets (composing of building and plant & machinery) for a period of 15 years. After 15 years, the ownership of the service concession assets will be transferred to the Parent at no cost. The current operator is EcoCentral Limited.

During the 15 year period, the operator will earn revenue from operating the MRF while the Parent continues to control the use of the service concession assets as specified in the agreement.

There have been no changes in the service concession arrangement during the current period.

13 Commitments and operating leases

Accounting Policy / Kaupapahere Kaute

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
(a) Capital and other operating commitments				
Capital commitments				
Property, plant and equipment	705,302	260,373	736,921	319,597
Electricity distribution network	-	-	69,866	72,685
Intangible assets	3,410	3,084	3,515	3,329
Ultra-Fast Broadband Network	-	-	-	-
Other	-	-	2,157	1,893
Total capital commitments	**708,712**	**263,457**	**812,459**	**397,504**
Other operating commitments				
Other operating commitments	52,108	65,401	52,108	65,401
(b) Non-cancellable operating lease liabilities				
No later than one year	1,267	1,180	21,719	7,010
Later than one year and not later than five years	5,048	4,693	77,394	26,148
Later than five years	12,532	22,209	117,531	63,462
Total non-cancellable operating lease liabilities	**18,847**	**28,082**	**216,644**	**96,620**
(c) Non-cancellable operating lease receivables				
No later than one year	24,202	25,085	82,260	50,606
Later than one year and not later than five years	79,480	83,374	233,707	148,659
Later than five years	370,633	379,680	397,882	189,173
Total non-cancellable operating lease receivables	**474,315**	**488,139**	**713,849**	**388,438**

Commentary / Korerotanga

Capital commitments and other operating commitments
The property plant and equipment commitment above includes the Parent's commitments for anchor projects including $477.9 million for the construction of the Te Kaha Multi-Use Arena (2022: $34.8million), $37.6 million for the Performing Arts Precinct and $12.2 million for Robert McDougall Gallery Strengthening.

Infrastructure works
The Parent has a $2.1 million (2022: $0.8 million) capital commitment with Connetics for power and lighting renewals and a $13.2 million (2022: $18.5 million) capital commitment with City Care for three waters and waste renewals.

Non-cancellable operating lease liabilities
The Parent leases computer equipment, property, and a number of car parks across the City. These leases have various terms of renewal, but no purchase options and escalation clauses. There are no restrictions placed upon the Parent by entering into these leases.

The majority of the Group account for leases pursuant to "for profit" standard NZ IFRS 16 Leases. These finance leases are restated to conform to PBE IPSAS 13 Leases.

Non-cancellable operating lease receivables
The Parent leases properties to various parties, with the OCHT contract for the lease and management of social housing units forming the bulk of this amount. The lease with OCHT is for 27 years commencing 2018.

CIAL and LPC lease properties to various parties. The terms of the leases vary and the majority are renewable.

14 Assets held for sale

Accounting Policy / Kaupapahere Kaute

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Land and buildings held for sale	187	4,436	187	14,216
Plant and equipment held for sale	-	-	48	271
Other assets held for sale	-	-	-	-
Total amounts held for sale	**187**	**4,436**	**235**	**14,487**

Commentary / Korerotanga

The Parent has recognised land and buildings held for sale which includes a portion of the strategic land assets that were reviewed as a part of the Long-Term Plan 2021 – 2031. These properties have been assessed as no longer required by the Parent and some are being actively marketed for sale, while other are required to go through an offer back or first right of refusal process with previous owners.

The Citycare Board approved the marketing for sale of the Springs Road property in April 2022, and subsequently approved a conditional sale for c.$14.25m to Cristo Limited in June 2022. The sale settled on 1 August 2022 following completion of due diligence.

15 Investment property

Accounting Policy / Kaupapahere Kaute

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless the occupants provide services that are integral to the operation of the Council's business and/or these services could not be provided efficiently and effectively by the lessee in another location, the property is being held for future delivery of services, the lessee uses services of the Council and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through surplus or deficit.

Rental revenue from investment property is accounted for as described in the Revenue Policy.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately before transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in surplus or deficit.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent recording. When the Council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the re-development.

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Balance at beginning of financial year	-	-	728,089	660,207
Net transfer from property, plant & equipment	-	-	6,225	2,334
Additional capitalised expenditure	-	-	39,321	15,633
Disposal	-	-	-	-
Net gain/(loss) from fair value adjustments	-	-	(5,013)	49,915
Balance at end of financial year	**-**	**-**	**768,622**	**728,089**

Commentary / Korerotanga

The Parent has no investment properties.

Christchurch International Airport Limited

The valuation of CIAL's investment property as at 30 June 2023 was completed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, registered valuers and member of the New Zealand Property Institute. The basis of valuation is fair value, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cash flow approach. The valuation methodologies are consistent with the prior year.

Principal assumptions used in establishing the valuations were:

• Average rental yield rate 6.06% (2022: 5.79%)
• Average market capitalisation rate 6.39% (2022: 5.96%)
• Weighted average lease term 6.14 years (2022: 6.48 years)

Rental ranges in aggregate across the different property asset types were as follows:

Asset type	2023 rental range	2022 rental range
Office	$180-$260/sqm	$180-$260/sqm
Warehouse	$80-$160/sqm	$90-$140/sqm

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Investment Properties are land and buildings which are owned to earn rental income, for capital appreciation or both.	The income-based valuation approach is used.	Land is included when infrastructure services are available and future development is expected within the next 3 years.	3	+ $31m/-$34m (of a 5% change of capitalisation rate)
Level 3 Asset Classification	**Sensitivity of significant unobservable inputs**			
Investment Properties	An increase in the cash flow from an asset will increase the fair value of the asset A decrease in the cash flow from an asset will decrease the fair value of the asset			

16 Cash and cash equivalents

Accounting Policy / Kaupapahere Kaute

Cash and cash equivalents are classified as financial assets at amortised cost.

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the statement of financial position.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Cash and cash equivalents	160,694	167,307	266,674	254,690
Cash and cash equivalents (USD)	-	-	267	705
Cash and cash equivalents (EUR)	-	-	-	25
Cash and cash equivalents (AUD)	-	-	62	1
Overdraft	-	-	-	-
Other	-	-	-	-
Total cash and cash equivalents	**160,694**	**167,307**	**267,003**	**255,421**

Commentary / Korerotanga

Cash is held to meet working capital and liquidity requirements.

17 Inventories

Accounting Policy / Kaupapahere Kaute

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of other inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventory includes non-commercial spare parts associated with water supply and waste water reticulation and traffic signals.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
(a) Current inventories				
Inventory - raw materials and maintenance items	-	-	20,234	16,290
Inventory - work in progress	-	-	-	-
Inventory - finished goods	3,742	3,129	14,914	13,369
	3,742	3,129	35,148	29,659
Inventory - allowance for impairment	-	-	(257)	(127)
Total current inventories	**3,742**	**3,129**	**34,891**	**29,532**
(b) Non-current inventories				
Inventory - raw materials and maintenance items	-	-	-	-
Inventory - work in progress	-	-	-	-
Inventory - finished goods	-	-	3,875	7,957
	-	**-**	**3,875**	**7,957**
Inventory - allowance for impairment	-	-	-	-
Total Non-current inventories	**-**	**-**	**3,875**	**7,957**

Commentary / Korerotanga

There was no write-down of inventory during the year (2022: $nil). There have been no reversals of previous write-downs (2022: $nil). No inventory is pledged as security for liabilities (2022: $nil). However, some inventory is subject to retention of title clauses.

18 Investment in CCOs and other similar entities

Accounting Policy / Kaupapahere Kaute

Investments in CCOs are measured using the following methods:

- Loans advances and investment in CCOs bond are measured at amortised cost,
- Equity investments in subsidiaries and unlisted shares are measured as fair value through other comprehensive revenue and expense, and
- Investment in LGFA Borrower Notes are measured at fair value through surplus and deficit based on future cashflows and prevailing market interest rates.

Change in presentation
The description of investments in CCOs is changed in 2022/23 to better reflect the nature of these investments.

Key changes include:
- Loans advanced is renamed to loans advanced to CCOs,
- Investment in debt securities is renamed to borrower notes,
- Share investment in CCOs is renamed to share investment in subsidiaries, and
- Unlisted shares is renamed to Share investment in other CCOs.

Prior year comparatives have been amended accordingly.

18.1 Loans advanced to CCOs

The average effective interest rate on the loans advanced to CCOs is 5.89 % per annum (2022: 3.71 % per annum).

		Parent		Group	
		30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Current					
Loans advanced to CCOs	18.1	125,900	173,564	-	-
Borrower notes	18.2	7,779	7,359	7,779	7,359
Share investment in subsidiaries	18.3	-	936	-	-
		133,679	**181,859**	**7,779**	**7,359**
Non-current					
Loans advanced to CCOs	18.1	585,509	382,409	-	-
Investment in CCOs bond	18.1	8,700	-	-	-
Borrower notes	18.2	41,447	37,533	41,448	37,534
Share investment in subsidiaries	18.3	3,409,088	2,879,315	-	-
Share investment in other CCOs	18.4	9,343	9,891	9,343	9,891
		4,054,087	**3,309,148**	**50,791**	**47,425**
Total investment in CCOs		**4,187,766**	**3,491,007**	**58,570**	**54,784**

18.2 Borrower Notes

Borrower notes are interest-bearing investments in LGFA, made in proportion to Council's borrowing from LGFA. In the 2022/23 financial year, Council's new investment in borrower notes amounted to 2.5% of its new borrowing from LGFA.

Borrower notes are fair valued based on future cash flows and prevailing market interest rates.

During the year $6.5 million of borrower notes matured (2022: $5.6 million) and $13.1 million of borrower notes were purchased (2022: $10.7 million).

18.3 Share investment in subsidiaries

	Parent	
	30 Jun 23	**30 Jun 22**
	$000	**$000**
Christchurch City Holdings Ltd	3,165,534	2,624,361
ChristchurchNZ Holdings Ltd	2,208	3,121
Civic Building Limited	40,893	47,905
Venues Ōtautahi	200,453	204,864
Total share investments in CCOs	**3,409,088**	**2,880,251**

Commentary / Korerotanga

The valuation of the parent's investments in its subsidiary companies relies, in part, on publicly available information, management forecasts and other information provided by the respective companies based on the prevailing economic, market and other conditions as at 30 June 2023.

Citycare Purchase of Spencer Henshaw

On 27 May 2022, Citycare entered into a Sale and Purchase Agreement for the purchase of 100% of the total shares of the Spencer Henshaw Group of companies (SH Group), consisting of Spencer Henshaw Ltd (5,000 shares), SW Scaffolding Ltd (600,000 shares) and Panmure Property Holdings Ltd (5,000 shares), for a total consideration of $72.3m, including $6.8m held in escrow in relation to warrant issues, and $2.2m of contingent consideration.

The Spencer Henshaw Group provides a full range of property repair, maintenance and upgrade services to government and commercial organisations.

The acquisition strengthens Citycare's market position in the social housing sector, a key segment within Citycare's Property Social Infrastructure strategy. Citycare's acquisition of SH Group will support it to re-engage with the social housing sector by leveraging SH Group's experience and capability in this area. SH Group is aligned to Citycare's core values by demonstrating care for people and communities and being a leading NZ-owned facilities maintenance service provider.

Following satisfaction of certain conditions, the acquisition settled on 2 September 2022. The breakdown of assets acquired, liabilities assumed, and consideration paid are set out in the following table.

	Group
	Sep 2022
	$000
Identifiable assets acquired	
Property, plant and equipment	6,000
Right of use assets	1,000
Customer relationships	16,000
Customer contracts	12,000
Software	2,000
Trade receivables	3,000
Cash and cash equivalents	2,000
Accounts held on trust	8,000
Other assets	1,000
Total identifiable assets acquired	51,000
Identifiable liabilities assumed	
Trade payables	8,000
Lease liability	1,000
Deferred tax liability	8,000
Other liabilities	5,000
Total identifiable liabilities assumed	22,000
Total net identifiable assets acquired	29,000

Total consideration	72,000
Fair value of net identifiable assets acquired	29,000
Goodwill	43,000

Consideration	
Cash	63,000
Cash held in escrow in relation to warrant issues	7,000
Contingent consideration	2,000
Total consideration	72,000

Acquired receivables:
Identifiable assets includes $3.2m of acquired receivables from Kāinga Ora and Tāmaki Regeneration Company. This represents the contractual value as well as the fair value of acquired receivables, as all contractual cash flows are expected to be collected.

Goodwill:
Goodwill on acquisition of $43m has arisen due to the expected benefits of the newly acquired business. SH Group's value is derived from its systems and processes, institutional and industry know how, subcontractor network, supply chain management, and strong market position in the social housing sector.

Cash held in escrow in relation to warrant issues:
Ten per cent ($6.8m), of the initial consideration of $68m, is held in escrow for a period of 24 months post-settlement for applying to any vendors' liability for breach of warranties or indemnities.

Contingent consideration:
Certain shareholders are subject to additional deferred consideration by way of an earn out, subject to SH Group's commercial arrangements and financial performance over the three years following settlement. This has been fair valued at up to $2.2m. The fair value of deferred consideration has been determined based on Citycare management's expectations and forecasts and discounted to a present value based on the term of the performance targets and commercial arrangements. The deferred consideration has a range of zero to $3.0m in nominal terms.

Costs relating to the acquisition:
Citycare incurred acquisition-related costs of $0.2m in the year to 30 June 2023 (2022: $0.7m) relating to external legal fees and due diligence costs. These costs are included in operating expenses.

Advance to subsidiary:
On 1 September 2022, CCHL advanced $56m to Citycare in relation to the acquisition of Spencer Henshaw. In August 2023 Citycare repaid $13m off the CCHL advance.

CCHL guarantee
On 1 September 2022, CCHL provided a guarantee to Bank of New Zealand for $31m to cover Citycare’s banking facilities in relation to the acquisition of Spencer Henshaw. This was subsequently increased to $34m during the year.

Impact on CCC results
SH Group's results since acquisition are presented below, along with the impact of SH Group's results on CCC Group's results both since acquisition and assuming a full year to 30 June 2023.

	Group (including SH Group for full year to 30 June 2023) $000	Group (including SH Group since acquisition) $000	SH Group since acquisition $000
Revenue	1,500,000	1,456,000	230,000
Net profit after tax	101,000	99,000	6,000

Independent valuer and key assumptions

Company	Detail
Christchurch City Holdings Limited (CCHL)	Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Sum-of -parts (consolidation) methodology **Key valuation assumptions:** - Combines the equity value of each of the subsidiaries as the investment portfolio of CCHL. - Any valuation uncertainty in the underlying subsidiaries manifests itself in the value of this portfolio and therefore impacts the value of CCHL.

Orion New Zealand Limited	CCHL ownership: 89.275% Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Market based approach **Key valuation assumptions:** - Deloitte used a market based approach rather than a discount cash flow methodology used in previous years. - In the current year the market based approach has gained additional reliability due to the sale of Eastland Network to First Gas in late 2022, which provides a very recent and highly comparable transaction multiple. - Orion's network business has been valued as a multiple of RAB (1.4x-1.5x), which is a common metric applied to regulate business.

The following Sensitivity table shows analysis if different assumptions were applied:

Change in	**Decrease $000**	**Increase $000**
RAB Multiple (+ or - 0.1x)	(145,000)	145,000
RAB (+ or - 2.5x)	(51,000)	51,000

Christchurch International Airport Limited	CCHL ownership: 75% Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Combination of discounted cashflow for the airport operation and net asset value approach for the investment properties portfolio. **Key valuation assumptions:** Airport operation - CIAL's forecast cash flows for the next ten years and a terminal cash flow were assessed and discounted back to valuation date - A weighted average cost of capital (WACC) of 7.81% post-tax was used to discount its future cash flows. -The terminal value is an estimate of the value of a life long business beyond the explicit forecast period. The terminal value assumes a business will grow at a set rate beyond the explicit forecast period. Deloitte applied a terminal growth rate of 2%. This effectively assumes that the business will continue at the previous year's capacity and the level of earnings will increase by inflation each year. Investment property portfolio Land and buildings not associated with the airport operations (properties classified as investment properties and surplus land held by CIAL), was valued on a net asset basis, on the grounds that: - a ready market exists for property and hence direct valuation methods for individual assets are available; - hypothetically these assets could be sold without materially affecting the core airport operations; and - some assets are held for strategic purposes and hence their value under an earnings approach may be understated -CIAL have elected to not complete a revaluation of PPE land as at 30 June 2023 as the advice from their valuers is that there is no material change from last year's valuation.

The following Sensitivity table shows analysis if different assumptions were applied:

Change in	Decrease $000	Increase $000
Revenue(+ or - 0.5%)	(137,000)	137,000
WACC (+ or - 0.5%)	118,000	(100,000)
Capital expenditure (+ or - 5%)	13,000	(13,000)
Operating expenditure (+ or - 5%)	54,000	(54,000)

Lyttelton Port Company Limited	CCHL ownership: 100% Fully valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Discounted cash flow methodology **Key valuation assumptions:** - LPC's forecast cash flows for the next 15 years and a terminal cash flow were assessed and discounted back to valuation date - A weighted average cost of capital (WACC) of 7.75% post-tax was used to discount its future cash flows. -A terminal growth rate of 2% has been applied.

The following Sensitivity table shows analysis if different assumptions were applied:

Change in	Decrease $000	Increase $000
Revenue(+ or - 0.5%)	(149,000)	149,000
WACC (+ or - 0.25%)	30,000	(27,000)
Capital expenditure (+ or - 5%)	26,000	(26,000)
Operating expenditure (+ or - 5%)	100,000	(100,000)

Enable Services Limited

CCHL ownership: 100%
Full valuation date: 30 June 2023
Independent valuer: Deloitte
Valuation methodology: Discounted cash flow methodology
Key valuation assumptions:
-A 10 year cash flow forecast with a terminal value has been utilised. The cashflow has been built up by Enable's management team and form the basis for their current five year business plan. Enable's forecast models include management assumptions about long run growth rates, uptake and capital expenditure. The models cover two scenarios, the base forecast and a low connection scenario.
- A weighted average cost of capital (WACC) of 7.57% post-tax was used to discount its future cash flows.

The following Sensitivity table shows analysis if different assumptions were applied:

Change in	Decrease $000	Increase $000
Revenue(+ or - 0.5%)	(60,000)	60,000
WACC (+ or - 0.5%)	60,000	(53,000)
Capital expenditure (+ or - 5%)	9,500	(9,500)
Operating expenditure (+ or - 5%)	14,000	(14,000)

City Care Limited

CCHL ownership: 100%
Full valuation date: 30 June 2023
Independent valuer: Deloitte
Valuation methodology: Discounted cash flow methodology
Key valuation assumptions:
- Citycare's forecasts for its Water and Property businesses for the next five years and a terminal cash flow were assessed and discounted back to valuation date
- A weighted average cost of capital (WACC) of 11% post-tax for the Water business, 10.6% for the Property business and 10.2% for the Spencer Henshaw part of the business, were used to discount its future cash flows.
-A terminal growth rate of 2% has been applied across the business.

The following Sensitivity table shows analysis if different assumptions were applied:

Change in	Decrease $000	Increase $000
Gross Profit(+ or - 0.5%)	(37,000)	37,000
WACC (+ or - 0.5%)	10,000	(8,000)
Capital expenditure (+ or - 5%)	2,000	(2,000)
Overhead expenditure (+ or - 5%)	23,000	(23,000)

EcoCentral Limited

CCHL ownership: 100%
Full valuation date: 30 June 2023
Independent valuer: Deloitte
Valuation methodology: Discounted cash flow methodology
Key valuation assumptions:
- ECL's forecast cash flows over the remaining life of its current contract (to January 2024) and two alternative scenarios to the contract end date (current contract term + a 2 year and a 5 year contract extension) were assessed and discounted back to valuation date.
- A weighted average cost of capital (WACC) of 5.1% post-tax was used to discount future cash flows in the current contract term.
- A weighted average cost of capital (WACC) of 11% post-tax was used to discount future cash flows in the 2 year and 5 year contract renewal periods.

	RBL Property Limited	CCHL ownership: 100% Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Net assets (net realisable value) methodology **Key valuation assumptions:** - RBL Property only held the remaining residual assets of the former Red Bus business- the land and depot. - It was considered appropriate to value RBL Property on a net asset orderly realisation basis.
	Development Christchurch Limited	CCHL ownership: 100% Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Net assets (net realisable value) methodology **Key valuation assumptions:** - As at June 2023, DCL primarily held land inventory and cash balances. DCL's land has been independently valued by specialist property valuers without a history of stable earnings or positive operating cash flows.
Venues Otautahi Limited		Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Net assets (net realisable value) methodology **Key valuation assumptions:** - An asset based indicative valuation estimates the proceeds that would be available from an orderly realisation of VO's assets, to imply the value of the shares in VO. -Deloitte valuation assessment was based on the 30 April 2023 balance sheet and assumed to approximate the 30 June 2023 financial position.
ChristchurchNZ Holdings Limited		Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Net assets (net realisable value) methodology **Key valuation assumptions:** - An asset based indicative valuation estimates the proceeds that would be available from an orderly realisation of CNZHL's assets, to imply the value of the shares in CNZHL. - Deloitte valuation assessment was based on the May 2023 balance sheet and assumed to approximate the 30 June 2023 financial position.
Civic Building Limited		Full valuation date: 30 June 2023 Independent valuer: Deloitte Valuation methodology: Net realisable asset valuation methodology **Key valuation assumptions:** - An asset based indicative valuation estimates the proceeds that would be available from an orderly realisation of CBL's assets, to imply the value of the shares in CBL. - Deloitte valuation assessment was based on the 31 March 2023 balance sheet and assumed to approximate the 30 June 2023 financial position.

18.4 Share investment in other CCOs

Share investment in other CCOs are reflected at fair value and include:

- $1.5 million (2022: $1.5 million) in Civic Financial Services Limited (formerly New Zealand Local Government Insurance Corporation) determined by using the asset valuation from their latest published accounts as at 31 December 2022;
- $8.7 million (2022: $8.3 million) in Local Government Funding Agency determined on their net asset backing as at 31 December 2022; and
- $1.3 million (2022: $1.3 million) in Theatre Royal Charitable Foundation determined on discounted cash flow as at 30 June 2023 excluding provision for expected credit loss.

19 Investments in associates and joint arrangements

Accounting Policy / Kaupapahere Kaute

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associates are accounted for in the parent's financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council's share of its associates' post-acquisition profits or losses is recognised in the surplus or deficit, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent's surplus or deficit, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

Joint ventures are those over whose activities the Group has joint control and established by contractual agreement. The Group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the Group's financial statements on a line-by-line basis.

The following entity is included in the Group through equity accounting:

Name of entity	Country of Incorporation	Effective Ownership Interest	
		30 Jun 23	30 Jun 22
Transwaste Canterbury Ltd	NZ	38.9%	38.9%

No public price quotations exist for this investment.

19.1 Associates and joint arrangements

		Parent		Group	
		30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Balance at start of year		6,196	6,196	13,206	13,183
Acquisitions/ transfers		-	-	-	-
Share of total recognised revenues and expenses	19.2	-	-	6,081	6,253
Dividends from associates and joint ventures		-	-	(7,142)	(6,380)
Share of revaluations		-	-	(50)	150
Disposal		-	-	-	-
Impairment		-	-	-	-
Balance at end of year		**6,196**	**6,196**	**12,095**	**13,206**

Commentary / Korerotanga

There is no goodwill included in the carrying value of associates (2022: Nil).

Transwaste Canterbury Limited
The Parent has a 39 per cent ownership interest in Transwaste. Transwaste was incorporated in March 1999 to select, consent, develop, own and operate a non-hazardous regional landfill in Canterbury. The landfill opened in June 2005. With a 39 per cent interest the Council has significant influence but cannot control the operations therefore accounts for it as an associate.

Christchurch Civic Building Joint Venture (CCBJV)
CCBJV is in a joint venture partnership between Civic Building Limited and NTPL for the ownership of a property in Hereford Street Christchurch. A 50 per cent share is accounted for in CBL for the joint venture.

19.2 Transwaste Canterbury Limited

	Group	
	30 Jun 23	**30 Jun 22**
	$000	**$000**
Assets	72,011	68,978
Liabilities	37,245	31,424
Revenue	63,796	59,764
Comprehensive revenue and expense	15,632	16,074
Share of total recognised comprehensive revenue and expense	6,081	6,253

20 Financial instruments

Accounting Policy / Kaupapahere Kaute

Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the assets (other than financial assets at fair value through surplus or deficit). Transaction costs directly attributable to the acquisition of financial assets at fair value through surplus or deficit are recognised immediately in surplus or deficit.

The Council classifies its investments in the following categories:

Financial assets measured at amortised cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortised cost.

Fair value through other comprehensive revenue or expense (FVTOCRE)

Financial assets held for collection of contractual cash flows and for selling where the cash flows are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCRE.

Changes in the carrying amount subsequent to initial recognition as a result of impairment gains or losses, foreign exchange gains and losses and interest revenue calculated using the effective interest method are recognised in surplus or deficit. The amounts that are recognised in surplus or deficit are the same as the amounts that would have been recognised in surplus or deficit if these financial assets had been measured at amortised cost. All other changes in the carrying amount of these financial assets are recognised in other comprehensive revenue and expenses. When these financial assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive revenue and expense are reclassified to surplus or deficit.

On initial recognition the Council may make the irrevocable election to designate investments in equity investments as at FVTOCRE. Designation at FVTOCRE is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which PBE IFRS 3 applies. Subsequent to initial recognition equity investments at FVTOCRE are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive revenue and expense. The cumulative gain or loss will not be reclassified to surplus or deficit on disposal of the equity investments, instead, they will be transferred to accumulated surplus.

Fair value through surplus or deficit

By default, all other financial assets not measured at amortised cost or FVTOCRE are measured at fair value through surplus or deficit.

Financial assets at fair value through surplus or deficit are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in surplus or deficit to the extent they are not part of a designated hedging relationship.

The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Council recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCRE. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Council recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Council measures the loss allowance for that financial instrument at an amount equal to 12 months of ECL.

The assessment of whether ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition, instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represent the portion of lifetime ECL that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Council’s investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial instruments) and adjusted for expected credit loss. Receivables with a short duration are not discounted.

Change in presentation

The presentation of other financial assets is changed in 2022/23 to better reflect the nature of these investments. These grouping changes are also reflected in the risk management analysis.

Key changes include:

- Loans and advances (excl. CCOs) is renamed to community loans,
- Investment mayor's welfare fund previously grouped under loans and advances is regrouped under share investment in non-CCOs,
- Investment in debt securities is renamed to term deposits, and
- Statutory land charge receivable and rockfall prepayment previously classified under other advances and investments are reclassified as receivables and prepayments.

Prior year comparatives have been amended accordingly.

20.1 Other financial assets

Accounting Policy / Kaupapahere Kaute

Other financial assets are measured using the following methods:

- Community loans are measured at fair value through surplus or deficit,
- Loans advances to non-CCOs are measured at amortised cost,
- Term deposits are measured at amortised cost,
- Derivative assets are measured as described in Note 20.4, and
- Share investments in non-CCOs are measured at fair value through other comprehensive revenue and expense.

		Parent		Group	
		30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Community loans	20.2	46,265	45,008	2,786	2,037
Loans advanced to non-CCOs		-	-	22,547	22,061
Term deposits		30,000	67,000	36,769	103,857
Derivative financial instrument assets	20.4	-	-	78,777	63,230
Share investment in non-CCOs		904	983	1,193	983
Other advances and investments		-	1,128	-	1,128
Total other financial assets		**77,169**	**114,119**	**142,072**	**193,296**
Total current other financial assets		32,690	40,006	51,379	77,171
Total non-current other financial assets		44,479	74,113	90,693	116,125
		77,169	**114,119**	**142,072**	**193,296**

**Comparative information has been disclosed differently from last year per Note 7 Change in Presentation.

Commentary / Korerotanga

Group loans advanced to non-CCOs relate to loans advanced by CCHL to Christchurch Engine Centre which is carried at fair value. The loan is contracted in USD with USD14 million @ 0.6065 (2022: USD14 million @ 0.6214).

Share investments in non-CCOs are carried at their fair value based on future cash flows at a discount rate of 5.13 per cent (2022: 4.39 per cent). The change in discount rate used in the fair value calculation resulted in a net movement down of $0.08 million (2022: down of $0.305 million) in the value of the equity securities.

Derivative financial instruments include interest rate swaps and forward foreign exchange contracts. These are discussed in Note 20.4.

20.2 Community loans

		Parent		Group	
		30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
		$000	**$000**	**$000**	**$000**
Principal		94,048	86,309	7,553	8,314
Principal repaid		(452)	(566)	(452)	(566)
Accumulated fair value adjustments		(31,348)	(30,337)	(1,077)	(2,759)
Balance at 1 July		**62,248**	**55,406**	**6,024**	**4,989**
Amount of new loans granted during the year		3,315	87,921	2,625	1,425
Fair value adjustment on initial recognition		(777)	(30,614)	(777)	(342)
Loans repaid during the year (principal and interest)		(496)	(80,082)	(495)	(2,086)
Impairment loss recognised during the year		-	-	-	-
Unwind of discount and interest charged		(1,646)	29,616	190	2,038
Balance before expected credit loss adjustment		**62,644**	**62,248**	**7,567**	**6,024**
Opening loss allowance at 1 July		(17,240)	(17,662)	(3,987)	(3,728)
Loss allowance movement		861	422	(794)	(259)
Closing loss allowance at 30 June		**(16,379)**	**(17,240)**	**(4,781)**	**(3,987)**
Balance community loans 30 June	20.1	**46,265**	**45,008**	**2,786**	**2,037**

Commentary / Korerotanga

The Parent's community loans scheme is designed to help organisations to develop or improve new or existing facilities and other major projects that benefit the community. Loans are for a maximum of 10 years and interest is between 0% - 4.5% per annum. This includes non-interest bearing loans with a face value of $50.6 million (2022: $50.0 million) which are discounted over the term of the loan using the Parent's effective borrowing cost. Loans are advanced to the Ōtautahi Community Housing Trust, Theatre Royal Charitable Foundation, Christchurch Stadium Trust, Piano Centre for Music and Arts, Canterbury Cricket Trust, and other community groups.

The fair value of loans at initial recognition has been determined using cash flows discounted at a rate based on the loan recipient's assessed financial risk factors. The fair value of community loans is $46.3 million (2022: $45.0 million). Fair value has been determined using cash flows discounted at a rate based on the loan recipient's risk factors of 5.13% (2022: 4.39%), the impact on 2023 is a downward movement of $1.6 million. During the year $3.3 million of loans were issued and $0.5 million were repaid.

20.3 Borrowings and other financial liabilities

Accounting Policy / Kaupapahere Kaute

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis.

Derivative Financial Instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities, in accordance with the treasury policies of the respective Group entities. The Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially and subsequently at fair value. Changes in fair value are recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship. (see Note 20.4)

		Parent		Group	
		30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Borrowings from external parties		2,181,045	2,029,529	3,807,565	3,672,725
Borrowings from group entities		-	-	1	-
Finance lease liabilities	22	84,757	88,678	51,823	56,645
Total borrowings		**2,265,802**	**2,118,207**	**3,859,389**	**3,729,370**
Derivative financial instrument liabilities		(40,661)	(3,572)	(35,603)	3,610
Total borrowings and other financial liabilities		**2,225,141**	**2,114,635**	**3,823,786**	**3,732,980**
Total current borrowings		381,671	382,008	794,668	961,911
Total non-current borrowings		1,884,131	1,736,199	3,064,721	2,767,459
Total borrowings		**2,265,802**	**2,118,207**	**3,859,389**	**3,729,370**
Total current borrowings and other financial liabilities		381,528	383,804	797,551	964,301
Total non-current borrowings and other financial liabilities		1,843,613	1,730,831	3,026,235	2,768,679
Total borrowings and other financial liabilities		**2,225,141**	**2,114,635**	**3,823,786**	**3,732,980**

Commentary / Korerotanga

Parent

The Parent’s borrowing from external parties is comprised of debt securities issued at either floating or fixed interest rates: Floating rate debt amounts to $2,020 million (2022: $1,798 million), with interest based on the three month bank bill reference rate plus a weighted average margin of 0.61% (2022: 0.62%); Fixed rate debt amounts to $161 million (2022: $231 million), at a weighted average interest rate of 3.05% (2022: 3.57%). Borrowings mature at different intervals, ranging from 2024 to 2033.

Council has entered into interest rate swap contracts to hedge the floating interest rate risk on this external borrowing (see Note 20.6 for Council’s risk management strategy). $1,142 million of such contracts were current at financial year-end, and a further $364 million were contracted to start in future periods (usually to coincide with the expiry of current contracts). The overall effective interest rate paid by Council on its external borrowings at financial year-end (including floating rate debt, fixed rate debt, and the impact of interest rate swap hedging contracts) was 5.27% (2022: 4.09%).

During the financial year, the Parent borrowed $523.8 million (2022: $431.5 million) to advance to subsidiaries and refinance debt maturities. A total of $372.2 million (2022: $362.9 million) of debts were repaid during the year.

Council also has $200 million of committed bank facilities to support its liquidity position. These facilities expire on or before December 2023, and none had any drawings at financial year-end.

The Parent's debts are secured over its rates income.

In addition to external borrowings, the Parent has borrowed a total of $61.5 million (2022: $71.5 million) from its Capital Endowment Fund with terms ranging between 1 - 5 years. Interest of $2.5 million (2022: $2.6 million) was charged by the Fund.

Group

Christchurch City Holdings Limited

Nature of debt:	2023 $m	Avg rate	Maturity	2022 $m
Floating rate notes	95	6.02%	2024-2025	135
Christchurch City Council loans - Current	125	5.99%	2023-2024	170
Christchurch City Council loans - Non-current	532	5.77%	2024-2032	316
Fixed Rate Bonds	443	3.88%	2024-2028	447
Commercial paper	60	5.68%	2023	65
Undrawn bank facility	100		2023	100

All borrowings at 30 June 2023 are unsecured and have been put in place under a $1.5b (2022: $1.5b) debt issuance programme. CCHL has issued uncalled capital of $1.5b (2022: $1.5b) to support this programme.

Bonds and Floating rate notes are issued under a Master Trust Deed. Fixed Rate Bonds have a nominal principal amount of $450m (2022: $450m) and include a $150m sustainability bond issued in October 2021. The carrying value includes the impact of fair value hedges. Commercial paper is issued under a separate $200m Commercial paper programme. CCHL has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Orion New Zealand

Nature of Debt:	2023 $m	Avg rate	Maturity	2022 $m
Bank loans	247	5.83%	2023	269
US Private Placement floating rate notes	140	6.70%	2028-2030	140

All bank loans are unsecured, however a deed of negative pledge requires Orion to comply with certain covenants to its key lenders. The US Private Placement floating rate notes are also unsecured. The Note Purchase Agreement with the US investors has terms which are substantially similar to those in the negative pledge deed referred to above. Orion has complied with all terms of the agreement during the years ended 31 March 2023 and 30 June 2023.
In addition to the above, Orion has a loan from CCHL of $100m (2022: $nil).

Christchurch International Airport Ltd

Nature of Debt:	2023 $m	Avg rate	Maturity	2022 $m
Bank facility	329	5.40%	2025-2026	323
Bond funding	247	5.10%	2024-2028	248
Undrawn bank facility	46		2023	127

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The bond funding has a face value of $250m and constitutes direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

During the current and prior years, there were no defaults or breaches on any of the borrowing facilities.

CIAL was in compliance with all of its current financial covenants during the current and prior years.

Lyttelton Port Company Ltd

Nature of Debt:	2023 $m	Avg rate	Maturity	2022 $m
Bank and overdraft facilities	63	6.64%	2024	15
Undrawn bank facility	62		2025-2026	110

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. In addition to the above, LPC has a loan from CCHL of $150m (2022: $150m).

City Care Limited

Nature of Debt:	2023 $m	Avg rate	Maturity	2022 $m
Undrawn bank facility	-			11

Citycare has a loan from CCHL of $56m (2022: $10m). In August 2023, Citycare repaid $13m off the CCHL loan.

Enable Services Ltd, RBL Property Ltd, EcoCentral Ltd and Development Christchurch Ltd
These companies had no external debt as at 30 June 2023 (2022: Nil). Enable has a loan from CCHL of $294m (2022 $294m)

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20.4 Hedging activities and derivatives

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Derivatives not designated as hedging instruments	-	-	103	712
Derivatives designated as hedging instruments	-			
Interest rate swaps	-	-	78,580	62,518
Forward exchange rate contracts	-	-	94	-
Total derivative financial instrument assets	**-**	**-**	**78,777**	**63,230**
Derivatives not designated as hedging instruments	-	-	(103)	-
Derivatives designated as hedging instruments	-			
Interest rate swaps	40,661	3,572	35,706	(3,595)
Forward exchange rate contracts	-	-	-	(15)
Total derivative financial instrument liabilities	**40,661**	**3,572**	**35,603**	**(3,610)**
Net derivative financial instrument assets (liabilities)	**40,661**	**3,572**	**114,380**	**59,620**
Total current derivative assets	-	-	4,530	407
Total non-current derivative assets	-	-	74,247	62,823
Total derivative financial instrument assets	**-**	**-**	**78,777**	**63,230**
Total current derivative liabilities	143	(1,795)	(2,883)	(2,389)
Total non-current derivative liabilities	40,518	5,367	38,486	(1,221)
Total derivative financial instrument liabilities	**40,661**	**3,572**	**35,603**	**(3,610)**

Commentary / Korerotanga

Most derivative instruments are “pay fixed” interest rate swaps, used to effectively convert floating rate debt to fixed rates.

The continuing and discontinued hedges reserve balances are summarised below:

	30 Jun 23 $000	**30 Jun 22 $000**
Continuing hedges	56,903	26,535
Discontinued hedges	(16,251)	(23,036)
Total	**40,652**	**3,499**

The notional values of interest rate swaps are summarised below:

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
Interest rate swaps				
Less than 1 year	105,000	172,200	555,000	219,200
1 to 2 years	158,500	105,000	735,500	418,000
2 to 5 years	404,000	268,500	1,225,000	1,145,000
More than 5 years	838,500	972,500	1,309,500	1,474,066
	1,506,000	**1,518,200**	**3,825,000**	**3,256,266**

Derivative contracts are primarily entered into to hedge against any exposure to underlying risks associated with the hedged item. The risk management strategy of the Council and Group are discussed in Note 20.6 of the financial statements.

Derivative contracts are recognised initially and subsequently at fair value. Changes in fair value are based on the prevailing market rates at valuation date and are recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense, limited to the cumulative change in the fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. If the hedging relationship ceases to meet the criteria for hedge accounting any gain or loss recognised in other comprehensive revenue and expense and accumulated in equity at that time remains in equity and is recognised in surplus or deficit when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in surplus or deficit.

Changes in the fair value of derivatives that are designated as fair value hedges are recorded in surplus or deficit, together with changes in the fair value of the hedged asset or liability. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in surplus or deficit. If the hedging relationship ceases to meet the criteria for hedge accounting the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to surplus or deficit from that date.

Council and Group derivative financial instruments include the following:

Interest rate swaps

Interest rate swaps are used to hedge the interest rate risk on outstanding borrowings. They may be designated as either Cash Flow Hedges (i.e. converting floating rate borrowing into fixed interest rates) or Fair Value Hedges (i.e. converting fixed rate borrowing into floating interest rates).

Hedge relationships are normally established with a hedge ratio of 1:1 meaning that the risk of each interest rate swap is identical to its related hedged item. Potential sources of hedge ineffectiveness include:

- Different interest rate curves applied to discount the hedged item and hedging instrument.
- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

At 30 June 2023, the Council had interest rate swaps in place with a notional amount of $1.506 billion (2022: $1.518 billion) where the Council pays an average fixed interest rate of 4.36%.

Forward exchange rate contracts

Forward exchange rate contracts are intended to hedge exposure to changes in foreign exchange rates. Exposure may arise from significant future import expenditure or from foreign-currency denominated assets and liabilities.

These contracts are carried at their fair value based on prevailing market foreign exchange rates at valuation date.

20.5 Classification and fair value of financial instruments

Accounting Policy / Kaupapahere Kaute

Categories of financial assets and liabilities

Financial instruments are classified into one of the following categories:
- Financial assets and liabilities carried at amortised cost,
- Financial assets and liabilities measured at fair value through surplus and deficit,
- Financial assets measured at fair value through other comprehensive revenue and expense.

The classification into each category depends on the nature and management's intention over the financial instruments.

There were no transfers between categories during the year (2022: Nil).

Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described below:
- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following methods and assumptions were used to estimate fair value for each class of financial instrument for which it is practicable to estimate such value:

- **Borrower notes and loans**
  Fixed rated instruments with quoted market prices are based on the quoted market price as of valuation date (Level 1) and for non-quoted securities, fair values were determined using discounted cash flow based on market observable rates (Level 2). Instruments with floating interest rates approximate fair value because of recent and regular repricing based on market conditions (Level 2).

  The fair values of non-interest bearing loans are determined using discounted cash flow based on Council's effective cost of borrowing for the year (calculated based on applicable market rate plus Council's credit spread) (Level 2). Foreign-currency denominated debt instruments are valued based on discounted future cash flows using the prevailing foreign exchange rate at valuation date (Level 2).

- **Derivative financial instruments**
  The fair values were computed as the present value of estimated future cash flows using market interest rates as at valuation date. The valuation techniques consider various inputs including the credit quality of counterparties (Level 2). The fair value forward exchange rate contracts are determined based on the discounted future cash flow using the market currency exchange and interest rates between the New Zealand dollar and relevant foreign currency at valuation date.

- **Share investments**
  Financial investments measured at fair value through other comprehensive revenue and expense consist of equity investments in subsidiaries, associates and other entities. Fair value of equity instruments with quoted market prices were determined using the quoted prices (Level 1). Where there is no active market, investments are revalued based on available market inputs observable and unobservable entity specific information affecting the assets being revalued less any accumulated impairment losses. These investments primarily include investments in subsidiary entities where Council and Group have involved external valuers to perform the valuation. These investments are classified as Level 3 financial instruments for purposes of fair value determination.

- **Borrowings**
  Fixed rate debt is recognised in the financial statements at amortised cost, except for any portions which have been designated as part of a fair value hedge, which are held at fair value through surplus or deficit. Fair values are determined using discounted cash flow based on market observable rates (Level 2).

The table below summarises the classification of financial assets and liabilities as to their respective categories including their relevant carrying and fair values.

			Parent			
	Fair value level	Measurement basis	Carrying amount		Fair value	
			30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Financial assets carried at amortised cost						
Cash and cash equivalents		Amortised cost	160,694	167,307	160,694	167,307
Trade and other receivables		Amortised cost	115,173	68,384	115,174	68,384
Loans advanced to CCOs		Amortised cost	720,109	555,973	720,109	555,973
Loans advanced to non-CCOs		Amortised cost	-	-	-	-
Term deposits		Amortised cost	30,000	67,000	30,000	67,000
Other (specify)		Amortised cost				
			1,025,976	**858,664**	**1,025,977**	**858,664**
Financial assets through surplus or deficit						
Borrower notes	2	Fair value	49,226	44,892	49,226	44,892
Community loan	2	Fair value	46,265	45,008	46,265	45,008
Derivative assets not designated as hedging instrument	2	Fair value	-	-	-	-
Derivative assets designated as hedging instrument	2	Fair value	-	-	-	-
Other (specify)						
			95,491	**89,900**	**95,491**	**89,900**
Financial assets through other comprehensive revenue and expense						
Share investment in subsidiaries	3	Fair value	3,409,088	2,880,251	3,409,088	2,880,251
Share investment in other CCOs	3	Fair value	9,343	9,891	9,343	9,758
Share investment in non-CCOs	3	Fair value	904	983	903	983
Derivative assets designated as hedging instrument	2	Fair value	-	-	-	-
Other (specify)		Fair value				
			3,419,335	**2,891,125**	**3,419,334**	**2,890,992**
Financial liabilities through surplus or deficit						
Borrowings		Fair value	-		-	
Derivative liabilities not designated as hedging instrument		Fair value	-		-	
Other (specify)		Fair value	-		-	
			-	**-**	**-**	**-**
Financial liabilities through other comprehensive revenue and expense						
Borrowings		Fair value	-		-	
Derivative liabilities designated as hedging instrument	2	Fair value	(40,661)	(3,572)	(40,661)	(3,572)
Other (specify)		Fair value	-		-	
			(40,661)	**(3,572)**	**(40,661)**	**(3,572)**
Financial liabilities carried at amortised cost						
Creditors and other payables		Amortised cost	134,661	100,522	134,662	100,523
Borrowings		Amortised cost	2,265,802	2,118,207	2,153,318	1,997,415
Other (specify)						
			2,400,463	**2,218,729**	**2,287,980**	**2,097,938**

	Fair value level	Measurement basis	Group Carrying amount 30 Jun 23 $000	30 Jun 22 $000	Fair value 30 Jun 23 $000	30 Jun 22 $000
Financial assets carried at amortised cost						
Cash and cash equivalents		Amortised cost	267,003	255,421	267,003	255,421
Trade and other receivables		Amortised cost	261,627	177,568	261,628	177,568
Loans advanced to CCOs		Amortised cost	-	-	-	-
Loans advanced to non-CCOs		Amortised cost	22,547	22,061	22,547	22,061
Term deposits		Amortised cost	36,769	103,857	36,769	103,857
Other (specify)		Amortised cost	-		-	
			587,946	**558,907**	**587,947**	**558,907**
Financial assets through surplus or deficit						
Borrower notes	2	Fair value	49,227	44,893	49,226	44,893
Community loan	2	Fair value	2,786	2,037	2,787	2,037
Derivative assets not designated as hedging instrument	2	Fair value	103	712	103	712
Derivative assets designated as hedging instrument	2	Fair value	78,674	62,518	78,674	62,518
Other (specify)		Fair value	-		-	
			130,790	**110,160**	**130,790**	**110,160**
Financial assets through other comprehensive revenue and expense						
Share investment in subsidiaries	3	Fair value	-	-	-	-
Share investment in other CCOs	3	Fair value	9,343	9,891	9,343	9,891
Share investment in non-CCOs	3	Fair value	1,193	983	1,193	983
Derivative assets designated as hedging instrument	2	Fair value	-	-	-	-
Other (specify)			-		-	
			10,536	**10,874**	**10,536**	**10,874**
Financial liabilities through surplus or deficit						
Borrowings	2	Fair value	-	-	-	-
Derivative liabilities not designated as hedging instrument	2	Fair value	-	7,182	-	7,182
Other (specify)			-		-	
			-	**7,182**	**-**	**7,182**
Financial liabilities through other comprehensive revenue and expense						
Borrowings	2	Fair value	62,788	51,679	-	51,679
Derivative liabilities designated as hedging instrument	2	Fair value	(35,603)	(3,572)	-	(3,572)
Other (specify)			-	-	-	-
			27,185	**48,107**	**-**	**48,107**
Financial liabilities carried at amortised cost						
Creditors and other payables		Amortised cost	284,483	202,195	282,177	201,840
Borrowings		Amortised cost	3,796,601	3,677,691	3,680,225	3,503,011
Other (specify)			-		-	
			4,081,084	**3,879,886**	**3,962,402**	**3,704,851**

** Comparative information has been disclosed differently from last year per Note 7 Change in Presentation.

The table below summarises the reconciliation of movements in the Level 3 financial instruments:

	Parent		Group	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Opening carrying value	2,890,095	2,652,589	9,844	10,154
Shares acquired during the year	-	-	-	(7,365)
Capital repaid	-	-	-	-
Valuation movements	529,240	237,506	692	7,055
Transfers			-	-
Closing carrying value	**3,419,335**	**2,890,095**	**10,536**	**9,844**

Commentary / Korerotanga

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

20.6 Financial risk management

Risk Management Policy / Kaupapahere Whakahaere Risk

Financial risk management objectives

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

Financial risks

The risks associated with the financial assets and liabilities of the Council and Group include market risk, liquidity risk and credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.

Interest rate risk

Interest rate risk relates to the risk that the fair value of a fixed debt instrument or future cash flow of a floating debt instrument will fluctuate due to changes in the underlying market interest rate.

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

Currency risk

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge. The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts. The Group enters into forward foreign exchange contracts or currency swap contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on the Group's results and cash flows. The Group has assessed that a reasonably possible change in foreign exchange rates (a 10 per cent variance either way) would not have a significant impact on surplus or equity.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Commodity price and demand risk

Within the Group some operations can be significantly impacted by fluctuations in commodity prices and international demand for certain products. Any residual risk is not considered material to the Group.

Interest rate risk management

The following tables summarise the Council's and Group's interest rate re-pricing analysis with respect to its financial assets and liabilities subject to interest rate risk:

					Parent
30 June 23	**Carrying amount $000**	**Less than 1 year $000**	**1 to 2 years $000**	**2 to 5 years $000**	**5+ years $000**
Cash and cash equivalents	160,694	160,694	-	-	-
Loans advanced to CCOs	720,109	567,600	45,500	24,200	82,809
Loans advanced to non-CCOs	-	-	-	-	-
Community loans	46,265	246	428	841	44,750
Borrower notes	49,226	43,727	1,039	1,766	2,694
Term deposits	30,000	30,000	-	-	-
Borrowings	(2,181,045)	(2,032,158)	(56,508)	(45,380)	(46,999)
Borrowings from group entities	-	-	-	-	-
Finance lease liability (net settled)	(84,757)	(9,764)	(9,054)	(25,204)	(40,735)
	(1,259,508)	**(1,239,655)**	**(18,595)**	**(43,777)**	**42,519**

30 June 22	**Carrying amount $000**	**Less than 1 year $000**	**1 to 2 years $000**	**2 to 5 years $000**	**5+ years $000**
Cash and cash equivalents	167,307	167,307	-	-	-
Loans advanced to CCOs	555,973	386,200	10,400	61,000	98,373
Loans advanced to non-CCOs	-	-	-	-	-
Community loans	45,008	781	734	462	43,031
Borrower notes	44,892	37,774	166	1,352	5,600
Term deposits	67,000	67,000	-	-	-
Borrowings	(2,029,529)	(1,870,235)	(10,400)	(80,000)	(68,894)
Borrowings from group entities	-	-	-	-	-
Finance lease liability (net settled)	(88,678)	(9,725)	(9,105)	(24,620)	(45,228)
	(1,238,027)	**(1,220,898)**	**(8,205)**	**(41,806)**	**32,882**

Commentary / Korerotanga

This re-pricing analysis includes the effects of interest rate swap contracts which the Parent and Group have entered into to hedge against the risk of market rate fluctuations. The notional amount and maturities of interest rate swap contracts are presented in Note 20.4 of the financial statements.

Interest Rate Benchmark Reform
Council's exposure to financial markets benchmarks is limited to the New Zealand 90 Day Bank Bill interest rate ("BKBM") on its borrowings, financial assets, and related interest rate derivative instruments – Council has no material exposure to currency benchmarks or the interest rate benchmarks of other countries. An alternative benchmark interest rate has not yet been defined for New Zealand.

Council has maintained informal discussions about benchmark reform with its lenders and derivatives providers for a number of years, and will continue to do so as a suitable replacement benchmark for New Zealand interest rates is considered, developed, and established. Council considers that the impact of benchmark reform on its overall cost of borrowing will be minimal, because Council's policies and practices around borrowing and interest rate hedging means that most Council debt is effectively borrowed at a fixed rate – that is, Council's "pay floating" exposure to BKBM from its borrowings is largely off-set by its "receive floating" BKBM exposure from its financial assets and interest rate derivative instruments.

Council has not adjusted its risk management policies, practices, or reporting in anticipation of benchmark reform, and no such adjustment is considered necessary as at the date of this Report.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of investments and borrowings affected (including the impact of hedging instruments). With all other variables held constant, the Group's surplus before tax and net asset position are affected through the impact on floating rate investments and borrowings, as follows:

	Parent		Group	
	Surplus or deficit (pre-tax) $000	Net asset / equity (pre-tax) $000	Surplus or deficit (pre-tax) $000	Net asset / equity (pre-tax) $000
30 June 23				
100 basis points increase	3,305	21,741	(10,784)	52,576
100 basis points decrease	(3,305)	(22,675)	10,784	(53,469)
30 June 22				
100 basis points increase	6,446	60,106	(449)	81,380
100 basis points decrease	(6,446)	(64,313)	449	(86,128)

Currency risk management

The Group's exposure to foreign currency transactions includes foreign currencies held on hand as stated in Note 16.

Commentary / Korerotanga

The CCHL Group has some exposure to foreign currency risk as a result of transactions that are denominated in a foreign currency - primarily Australian dollars, US dollars and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts. The impact of a possible change in foreign exchange rates (a 10 percent variance either way) would not have a significant impact on comprehensive revenue and expense or equity.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its written investment policies. In general the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The Council and Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

Parent **30 June 23**	**Carrying amount $000**	**Contractual cash flows $000**	**Less than 1 year $000**	**1 to 2 years $000**	**2 to 5 years $000**	**5+ years $000**
Cash and cash equivalents	160,694	160,694	160,694	-	-	-
Trade and other receivables	115,173	115,173	115,173	-	-	-
Loans advanced to CCOs	720,109	817,238	167,096	161,506	315,803	172,833
Borrower notes	49,226	58,776	8,620	6,891	23,625	19,640
Community loans	46,265	95,316	1,237	2,372	1,551	90,156
Loans advanced to non-CCOs	-	-	-	-	-	-
Term deposits	30,000	31,711	31,711	-	-	-
Creditors and other payables	(134,661)	(149,368)	(149,368)	-	-	-
Borrowings - external	(2,181,045)	(2,621,852)	(499,536)	(390,128)	(1,040,512)	(691,676)
Borrowings - related parties	-	-	-	-	-	-
Finance lease liability (net settled)	(84,757)	-	-	-	-	-
Derivative financial instrument	40,661	47,329	17,976	13,434	8,290	7,629
Net contractual inflows / (outflows)	**(1,238,335)**	**(1,444,983)**	**(146,397)**	**(205,925)**	**(691,243)**	**(401,418)**
30 June 22						
Cash and cash equivalents	167,307	167,307	167,307	-	-	-
Trade and other receivables	68,384	68,384	68,384	-	-	-
Loans advanced to CCOs	555,973	600,877	192,711	127,714	213,714	66,738
Borrower notes	44,892	48,666	7,630	8,055	17,027	15,954
Community loans	45,008	93,582	154	3,212	1,150	89,066
Loans advanced to non-CCOs	-	-	-	-	-	-
Term deposits	67,000	67,877	67,877	-	-	-
Creditors and other payables	(100,522)	(100,523)	(99,463)	(1,060)	-	-
Borrowings - external	(2,029,529)	(2,362,480)	(450,221)	(428,082)	(854,975)	(629,202)
Borrowings - related parties	-	-	-	-	-	-
Finance lease liability (net settled)	(88,678)	(147,658)	(11,036)	(11,079)	(34,632)	(90,911)
Derivative financial instrument	3,572	2,946	(10,850)	1,007	4,074	8,715
Net contractual inflows / (outflows)	**(1,266,593)**	**(1,561,022)**	**(67,507)**	**(300,233)**	**(653,642)**	**(539,640)**

Group **30 June 23**	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	5+ years $000
Cash and cash equivalents	267,003	267,088	267,088	-	-	-
Trade and other receivables	261,627	(329,186)	228,253	(149,726)	(283,516)	(124,197)
Loans advanced to CCOs	-	-	-	-	-	-
Borrower notes	49,227	58,776	8,620	6,891	23,625	19,640
Community loans	2,786	51,837	1,237	2,372	1,551	46,677
Loans advanced to non-CCOs	22,547	26,555	11,685	469	14,401	-
Term deposits	36,769	38,480	38,480	-	-	-
Creditors and other payables	(284,483)	(299,192)	(299,192)	-	-	-
Borrowings -external	(3,807,565)	(4,501,992)	(987,867)	(1,010,159)	(1,650,119)	(853,847)
Borrowings - related parties	(1)	-	-	-	-	-
Finance lease liability (net settled)	(51,823)	22,133	3,064	9,286	5,249	4,534
Derivative financial instruments	114,380	128,273	43,179	41,578	32,516	11,000
Net contractual inflows / (outflows)	**(3,389,533)**	**(4,537,228)**	**(685,453)**	**(1,099,289)**	**(1,856,293)**	**(896,193)**
30 June 22						
Cash and cash equivalents	255,421	255,056	255,056	-	-	-
Trade and other receivables	177,568	187,642	187,642	-	-	-
Loans advanced to CCOs	-	-	-	-	-	-
Borrower notes	44,893	48,666	7,630	8,055	17,027	15,954
Community loans	2,037	7,783	851	3,212	1,150	2,570
Loans advanced to non-CCOs	22,061	-	-	-	-	-
Term deposits	103,857	85,985	85,934	5	13	33
Creditors and other payables	(202,195)	(202,196)	(201,136)	(1,060)	-	-
Borrowings -external	(3,672,725)	(2,997,184)	(801,336)	(665,753)	(900,893)	(629,202)
Borrowings - related parties	-	-	-	-	-	-
Finance lease liability (net settled)	(56,645)	(113,171)	(13,277)	(12,441)	(32,031)	(55,422)
Derivative financial instruments	59,620	23,923	(11,374)	4,748	21,834	8,715
Net contractual inflows / (outflows)	**(3,266,108)**	**(2,703,496)**	**(490,010)**	**(663,234)**	**(892,900)**	**(657,352)**

Commentary / Korerotanga

The Parent is exposed to liquidity risk as a guarantor of all of LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The exposure relating to the guarantee is classified as a contingent liability by the Parent and Group and is explained further in Note 27.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and Group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the Group.

The Council's investment policy includes parameters for investing in financial institutions and other organisations which, where applicable, have the required Standard and Poor's credit ratings. These credit ratings are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

Commentary / Korerotanga

The Parent applies a lifetime expected credit loss of 80 per cent to community loans that are assessed as having a high credit risk based on the likelihood of repayment. Recipients that are paying their loans are considered to have a low credit risk have no expected credit loss applied.

The Parent has written off lifetime expected credit losses at fair value through surplus and deficit.

The carrying value is the maximum exposure to credit risk for bank balances and accounts receivable. No collateral is held in respect of these financial assets.

The Parent's receivables mainly arise from statutory functions. Procedures are in place to monitor the credit quality of debtors and other receivables with reference to internal or external credit ratings and where appropriate security must be provided to secure credit terms.

The Parent has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Parent has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

The Parent's trade debtors and other receivables amounted to $115.2 million (2022: $68.8 million).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various segments with similar loss patterns. There is some concentration of credit risk within the group in relation to trade receivables, however all of these major customers are considered to be of high credit quality, and as such on a Group-wide basis, it is not considered that there is a significant risk of losses arising. Geographically there is no significant credit risk concentration for the Group outside New Zealand.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due to avoid a possible past due status other than some trade receivables.

The Group's trade debtors and other receivables amounted to $261 million (2022: $178 million).

The following table summarises the Council and Group's counterparty credit risks:

		Parent		Group	
		30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
		$000	**$000**	**$000**	**$000**
Cash and cash equivalents					
	AA	60,694	59,307	162,633	147,421
	A	100,000	108,000	104,370	108,000
	BBB	-	-	-	-
	< BBB / unrated	-	-	-	-
Term deposits					
	AA	-	-	6,564	36,103
	A	30,000	39,000	30,205	39,751
	BBB	-	-	-	-
	< BBB / unrated	-	28,000	-	28,000
Loans advanced to CCOs					
	AA	657,200	486,200	-	-
	A	-	-	-	-
	BBB	-	-	-	-
	< BBB / unrated	62,909	70,471	-	698
Loans advanced to non-CCOs					
	< BBB / unrated	-	-	22,547	22,061
Community loans					
	< BBB / unrated	46,265	45,008	2,786	2,037
Borrower Notes					
	AAA	49,226	-	49,227	-
	AA	-	40,115	-	40,119
	A	-	-	-	-
	< BBB / unrated	-	4,777	-	4,777
Derivative financial instrument assets					
	AA	-	-	52,031	63,230
	A	-	-	26,746	-
	BBB	-	-	-	-
	< BBB / unrated	-	-	-	-
		1,006,294	**880,878**	**457,109**	**492,197**

The Parent’s credit risk from balances with banks and financial institutions is managed by the Council’s treasury department in accordance with the Council’s policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the treasury department on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty’s failure to make payments.

Commentary / Korerotanga

Term deposits only include deposits whose original term is 3 months or longer. The Group only invests in instruments with very low credit risk.

The Group has recognised no provision for expected credit losses on any debt securities (including LGFA Borrower Notes) at fair value through other comprehensive revenue and expense.

21 Finance lease receivables

Accounting Policy / Kaupapahere Kaute

As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
No later than one year	-	-	69	68
Later than one year and not later than five years	-	-	293	286
Later than five years	-	-	(210)	(264)
Minimum lease receivables	**-**	**-**	**152**	**90**
Less future finance charges	-	-	(276)	(318)
Present value of minimum lease receivables	**-**	**-**	**(124)**	**(228)**
Present value of future minimum lease receivables				
No later than one year	-	-	(116)	(117)
Later than one year and not later than five years	-	-	(4)	(47)
Later than five years	-	-	(4)	(64)
Present value of future minimum lease receivables	**-**	**-**	**(124)**	**(228)**
Represented by				
Current portion	-	-	(116)	(117)
Non-current portion	-	-	(8)	(111)
Total	**-**	**-**	**(124)**	**(228)**

22 Finance lease liabilities

Accounting Policy / Kaupapahere Kaute

As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the statement of financial position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
No later than one year	11,080	11,036	6,893	7,805
Later than one year and not later than five years	46,476	45,711	26,774	28,428
Later than five years	79,066	90,911	45,389	65,973
Minimum lease payments	**136,622**	**147,658**	**79,056**	**102,206**
Less: future finance charges	(51,865)	(58,980)	(27,233)	(45,563)
Present value of minimum lease payments	**84,757**	**88,678**	**51,823**	**56,643**
Minimum future lease payments				
No later than one year	9,764	9,725	10,543	8,777
Later than one year and not later than five years	34,258	33,725	18,652	18,572
Later than five years	40,735	45,228	22,627	29,295
Total present value of minimum lease payments	**84,757**	**88,678**	**51,822**	**56,644**
Represented by:				
Current portion	9,764	9,725	8,022	9,832
Non-current portion	74,993	78,953	43,801	46,813
Total finance leases	**84,757**	**88,678**	**51,823**	**56,645**

Commentary / Korerotanga

The Parent leases the Civic Building in Worcester Boulevard from the NTPL and CBL Joint Venture (CCBJV) in August 2010. CBL is a wholly owned Council subsidiary which owns a 50 per cent interest in the unincorporated joint venture with NTPL. The lease has an initial term of 24 years with three rights of renewal of 24 years and the note above includes only the first lease term. The annual lease payment is $10.8 million plus GST.

The group finance lease liability above also includes agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to install new assets at or near its local grid exit points. The agreements have remaining terms of between two and 25 years (2022: three and 26 years). Orion does not own the assets at the end of the lease term and there is no residual value.

23 Construction contracts

Accounting Policy / Kaupapahere Kaute

Contact assets are initially recognised at fair value. They are subsequently adjusted for credit impairment loss. The Group will recognise a contract asset for work performed where they do not have an unconditional right to consideration. Any amount previously recognised as Contract asset is reclassified to trade receivables at the point which the Group has an unconditional right to consideration. If the payment received exceed the revenue recognised to date then the Group recognises a contract liability for difference.

The financing component in construction contracts with customers is not considered to be significant as the period between the recognition of revenue and receipt of payment is always less than one year.

There has been no change in the estimation techniques or significant assumptions made during the current report period in assessing the loss allowance for the amount due from customers under construction contracts.

	Parent		**Group**	
	30 Jun 23	**30 Jun 22**	**30 Jun 23**	**30 Jun 22**
	$000	**$000**	**$000**	**$000**
Contract costs incurred	-	-	41,286	25,339
Progress billings	-	-	48,467	32,956
Gross amounts due from customers	-	-	6,816	7,509
Gross amounts due to customers	-	-	19	19
Retentions included in progress billings	-	-	-	-

24 Employee benefits

Accounting Policy / Kaupapahere Kaute

A single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of Council's liability for the following short and long-term employee entitlements.

Salaries and Wages
Salaries and wages are recognised as an expense as employees provide services.

Short-term entitlements
These are liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately before the reporting date. Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Liabilities for accumulating short-term compensated absences (e.g. sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately before the reporting date that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

Long-term entitlements
These included retiring gratuities and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on (i) likely future entitlements accruing to employees, based on years of service, years to entitlement, (ii) the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and (iii) the present value of the estimated future cash flows.

Kiwisaver & superannuation
Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in surplus or deficit when incurred. Superannuation is provided as a percentage of remuneration.

24.1 Personnel cost

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Salaries and wages	207,147	197,695	551,247	498,893
Defined contribution plan employer contributions	5,262	4,984	6,393	6,022
Defined benefit plan employer contributions	-	-	209	185
Increase/(decrease) in employee entitlements/liabilities	(680)	2,896	2,279	4,975
Other personnel costs	-	-	564	745
Total personnel costs	**211,729**	**205,575**	**560,692**	**510,820**

Commentary / Korerotanga

The full financial impact of the Holiday Pay Remediation Project is expected to be $4.9 million. This cost was recognised in the 2021 financial statements. To-date the Council has paid $2.6 million to former and current employees.

24.2 Employee entitlements

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Current portion				
Accrued pay	3,858	2,926	18,866	17,658
Annual leave	18,032	19,239	38,944	36,259
Sick leave	256	256	521	496
Retirement and long service leave	1,262	1,300	2,452	2,392
Restructuring	-	-	-	-
Bonuses and other	-	-	661	556
	23,408	23,721	61,444	57,361
Non-current portion				
Retirement and long service leave	2,686	3,053	6,417	6,783
Bonuses and other	-	-	-	-
	2,686	3,053	6,417	6,783
Total employee entitlements	**26,094**	**26,774**	**67,861**	**64,144**

Commentary / Korerotanga

The provision for long service leave is an assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next five to ten years.

25 Provisions

Accounting Policy / Kaupapahere Kaute

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

	Parent		Group	
	30 Jun 23 $000	**30 Jun 22 $000**	**30 Jun 23 $000**	**30 Jun 22 $000**
(a) Current provisions				
Landfill aftercare provision	666	655	666	655
Building related claims provision	1,623	1,623	1,624	1,623
Holiday pay	1,589	2,717	1,589	2,717
Other	-	-	2,621	2,970
	3,878	4,995	6,500	7,965
(b) Non-current provisions				
Landfill aftercare provision	13,928	14,684	13,928	14,684
Building related claims provision	6,074	6,493	6,074	6,493
Holiday pay	-	-	-	-
Other	-	-	2,491	261
	20,002	21,177	22,493	21,438
Total provisions	**23,880**	**26,172**	**28,993**	**29,403**

25.1 Landfill aftercare

As operator of several closed landfill sites, including Burwood, the Council has a legal obligation to provide ongoing maintenance and monitoring services at these sites after closure. These include:

Closure responsibilities: final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; and completing facilities for monitoring and recovery of gas.

Post-closure responsibilities: treatment and monitoring of leachate; ground monitoring and surface monitoring; implementation of remedial measures needed for cover and control systems; and ongoing site maintenance for drainage systems, final cover and vegetation.

Closed landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is $14.6 million (2022: $15.3million). The discount rate used to calculate this provision is 5.13 per cent for Burwood landfill and other closed landfills (2022: 4.39 per cent).

The Council participates in the regional waste disposal joint venture run by Transwaste through its Kate Valley landfill site. This site has been granted resource consent for 35 years from the opening date of June 2005. The Council's ownership share of Transwaste is 38.9 per cent.

The provision is calculated based on the estimated amount required by the Council to meet its obligations for all equipment, facilities and services (these estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation), the estimated costs have been discounted to their present value using a discount rate based on the risk free spot rates, the estimated length of time needed for post-closure care is 35 years, the Council's legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for closure and post-closure treatment.

25.2 Building related claims

A provision has been recognised for the estimated cost of known weather tight and other building related claims currently outstanding. This includes those claims that are being actively managed by the Council as well as claims lodged with Council, WHRS and the High Court, but not yet being actively managed.

The provision is calculated based on the number of known claims, the average actual settlement costs and the average actual claims settled per year.

25.3 Other provisions

Other provisions include plant maintenance and other small provisions.

25.4 Movement in provisions

					Parent
	Landfill aftercare $000	**Building related claims $000**	**Holiday Pay $000**	**Other $000**	**Total $000**
Balance at 1 July 2022	22,293	8,116	5,156	-	35,565
Additional provisions made	-	1,026	-	-	1,026
Amounts used	(1,099)	(1,026)	(2,217)	-	(4,342)
Unused amounts reversed	(5,855)	-	(222)	-	(6,077)
Discount unwinding	-	-	-	-	-
Balance at 30 June 2022	**15,339**	**8,116**	**2,717**	**-**	**26,172**
Additional provisions made	1,675	742	-	-	2,417
Amounts used	(1,647)	(1,161)	(459)	-	(3,267)
Unused amounts reversed	(773)	-	(669)	-	(1,442)
Discount unwinding	-	-	-	-	-
Balance at 30 June 2023	**14,594**	**7,697**	**1,589**	**-**	**23,880**

					Group
	Landfill aftercare $000	**Building related claims $000**	**Holiday Pay $000**	**Other $000**	**Total $000**
Balance at 1 July 2022	22,293	8,116	5,156	4,346	39,911
Additional provisions made	-	1,026	-	2,348	3,374
Amounts used	(1,099)	(1,026)	(2,217)	(2,950)	(7,292)
Unused amounts reversed	(5,855)	-	(222)	(513)	(6,590)
Discount unwinding					-
Balance at 30 June 2022	**15,339**	**8,116**	**2,717**	**3,231**	**29,403**
Additional provisions made	1,675	743	-	4,476	6,894
Amounts used	(1,647)	(1,161)	(459)	(2,501)	(5,768)
Unused amounts reversed	(773)	-	(669)	(102)	(1,544)
Discount unwinding	-	-	-	8	8
Balance at 30 June 2023	**14,594**	**7,698**	**1,589**	**5,112**	**28,993**

26 Other liabilities

	Note	Parent 30 Jun 23 $000	Parent 30 Jun 22 $000	Group 30 Jun 23 $000	Group 30 Jun 22 $000
Other current liabilities					
Hire purchase agreement		-	-	1,287	-
Income in advance		20,570	23,403	39,046	44,541
Service concession agreement	12	429	736	-	-
Vbase insurance advance held		-	-	-	-
Other		-	-	14,052	10,632
		20,999	**24,139**	**54,385**	**55,173**
Other Non-current liabilities					
Hire purchase agreement		-	-	1,722	-
Income in advance		-	-	670	2,443
Lease incentive liability		-	-	-	-
Service concession agreement	12	-	429	-	-
Other		-	-	490	540
		-	**429**	**2,882**	**2,983**
Total other liabilities		**20,999**	**24,568**	**57,267**	**58,156**
Income in advance					
Income in advance from non-exchange transactions:					
Grants and other revenue subject to condition		25	1,792	25	1,792
Advanced receipts		14,733	14,606	14,733	14,606
		14,758	16,398	14,758	16,398
Income in advance from exchange transactions		5,812	7,005	24,958	30,586
Total income in advance		**20,570**	**23,403**	**39,716**	**46,984**

Commentary / Korerotanga

Income in advance

The Parent's revenue in advance includes prepaid rates and other receivables of $11.6 million (2022: $11.1 million) and prepaid building inspections of $5.8 million (2022: $7.5 million). 2022 also include prepaid Christchurch Housing Initiative of $1.7 million.

Service concession liability

The Parent's service concession arrangement relates to the Material Recovery Facility. Refer to Note 12 for the details of the arrangement including the amount of service concession assets and liabilities recognised by the Parent.

27 Contingent liabilities and assets

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Contingent liabilities				
Performance bonds	-	-	16,734	12,733
IRU contracts	-	-	-	458
Uncalled capital in LGFA	1,660	1,660	1,660	1,660
Uncalled capital in CCHL	1,500,139	1,500,139	-	-
Uncalled capital in Civic Building Ltd	10,000	10,000	-	-
Uncalled capital in Transwaste Canterbury Ltd	1,556	1,556	951	951
Christchurch Symphony Orchestra guarantee	200	200	200	200
Legal disputes	-	22,894	-	22,894
Total contingent liabilities	**1,513,555**	**1,536,449**	**19,545**	**38,896**
Contingent assets				
Ōtautahi Community Housing Trust	43,707	43,524	43,707	43,524
Total contingent assets	**43,707**	**43,524**	**43,707**	**43,524**

27.1 Contingencies

New Zealand Local Government Funding Agency
The Council is a shareholder of LGFA. LGFA was incorporated in December 2011 for the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poor's of AA+.

The Council is one of 30 local government shareholders of LGFA (2022: 30), the other shareholder is the Crown. It has uncalled capital of $1.66 million. When aggregated with the uncalled capital of other shareholders, $20.0 million is available in the event that an imminent default is identified. Also together with the other shareholders, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2023, LGFA had borrowings totalling $16.4 billion (2022: $14.1 billion).

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Associate contingencies
The Council's share of the contingencies of associates is $6.2 million (2022: $6.2 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to Transwaste. It is anticipated that no material liabilities will arise.

Current legal proceedings
There are current legal proceedings against the Council for fifteen specific issues and the potential for claims in fifteen others. The amounts claimed in some proceedings and issues raised in respect of Council decisions in other proceedings are disputed.

Included in Council's current legal proceedings are proceedings on a number of building related matters. These matters span a variety of buildings and situations including earthquake related circumstances.

While every effort is made to calibrate Council response to the situation, the Council may have further liability which it has not yet been made aware of. For further detail on the Council's provisioning for building related claims see Note 25.

Suspensory loan
In 2006 the Council entered into an agreement with the Housing New Zealand Corporation (HNZ) to borrow $2.4 million from HNZ's Local Government Housing Fund. The loan is for a term of 20 years at 0 per cent interest from the date of drawdown (2008) and will cease to be repayable at the end of the term. The loan has a number of conditions which if not met require it to be repaid.

The Council considers that it will continue to meet the conditions of the loan and as such has not recognised a liability. Should Council fail to continue to meet the conditions of the loan it will need to repay the $2.4 million plus interest for the remaining term.

Christchurch Symphony Orchestra Guarantee
The Council has guaranteed a $200,000 bank overdraft for the Christchurch Symphony Orchestra.

27.2 Contingent liabilities

Commentary / Korerotanga

The Parent has assessed its exposure to general building consent issues and has determined that the amount of any exposure is unquantifiable to be recognised as a provision.

The following contingent liabilities exist in respect of contract performance bonds:
- CCHL $nil (2022: $nil);
- City Care $15 million (2022: 11.4 million);
- RBL Property $nil (2022: $nil); and
- Orion $1.3 million (2022: $1.3 million)

CCHL
CCHL entered into a $50 million performance bond with ANZ bank in June 2011 in support of Enable's obligations under the UltraFast Broadband initiative. This bond reduced each year since inception and terminated during 2022.

Citycare has an arrangement with Bank of New Zealand for the issue of performance related bonds.

Orion New Zealand Ltd

Port Hills fires
On 13 February 2017, two fires started on the Port Hills near Christchurch and eventually spread to over 1,600 hectares. Fire and Emergency New Zealand released its independent reports into the fires and found that the causes of both fires was 'undetermined'.

IAG Insurance, on behalf of a number of its clients, brought proceeding in the High Court claiming that Orion's electricity network caused the first fire on Early Valley Road that in turn caused $4.6 million of losses for its clients. On 15 September 2020, Orion reached a confidential commercial settlement with IAG. The settlement was without any admission of liability by Orion.

In 2023, FMG Insurance and Insurance Facilitators (NZ) Limited filed proceedings on behalf of their clients making similar allegations and seeking damages of approximately $3.5 million. The proceedings are at an early stage and no hearing has been set down.

27.3 Contingent assets

Commentary / Korerotanga

The Parent has entered into a loan agreement with OCHT that if OCHT was to be wound up, the Council is entitled to full repayment of the loan $45 million loan in cash or other assets.

Orion New Zealand Ltd

Orion is permitted to receive a maximum allowable revenue (MAR) for its electricity distribution services under the Commerce Commission's default price path regime. Due to differences between quantity estimates and CPI estimates used in price setting and actual quantities and actual CPI, Orion estimates that it charged customers $13.35m below its MAR (2022: estimated $1.93m below MAR). This amount is still subject to wash-ups as improved information becomes available. Orion will adjust the final amount plus interest when it sets delivery prices for 2025 (2022: recovered within 2024 delivery prices).

28 Cash flow reconciliations

28.1 Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 23 $000	30 Jun 22 $000	30 Jun 23 $000	30 Jun 22 $000
Surplus for the period*	414,830	215,629	459,421	335,230
Add/(less) non-cash items				
Depreciation and amortisation	318,014	281,147	500,333	435,539
Vested assets*	(163,380)	(141,475)	(163,380)	(141,475)
Impairment (gains)/losses	-	-	1,112	(220)
(Gains)/losses in fair value of investment property and assets held for sale	-	-	5,013	(49,915)
(Gains)/losses in fair value of derivative financial instruments	65	(4,486)	534	(4,158)
Share of associates' (surplus)/deficit (less dividends)	-	-	1,038	127
Net foreign exchange (gains)/losses	-	-	13	18
Deferred tax charged/(credited) to surplus	1,606	(227)	11,337	(13,318)
(Gains)/losses in fair value of Investments	4,017	(6,580)	6,740	(5,657)
Internal labour allocated to PPE & Intangibles	-	-	(8,633)	(6,301)
Other non-cash movements	(367)	(261)	(9,717)	5,582
Net changes in non-cash items*	**159,955**	**128,118**	**344,390**	**220,222**
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	4,150	14,594	(2,849)	5,736
Movement in capital creditors	(26,727)	10,934	(41,498)	10,695
Recognition of service concession arrangement	(736)	(735)	(736)	(735)
Insurance proceeds classified as investing activities	(47,667)	(10,040)	(47,667)	(10,040)
Other	-	-	(3,427)	(8,964)
Net changes in investing/financing activities	**(70,980)**	**14,753**	**(96,177)**	**(3,308)**
Add/(less) movement in working capital items				
Receivable and prepayment	(44,739)	(12,262)	(86,974)	(44,069)
Inventories	(613)	68	(1,270)	853
Other assets	-	-	(2,829)	1,727
Payables	34,138	(1,009)	88,038	(743)
Provisions and employee entitlements	(2,604)	(6,237)	2,212	(8,362)
Income tax receivable/(payable)	-	-	8,882	2,494
Other liabilities	(2,834)	(263)	(1,074)	787
Operational Assets from Discontinued Operations	-	-	-	908
Net changes in net assets and liabilities	**(16,652)**	**(19,703)**	**6,985**	**(46,405)**
Net cash from operating activities	**487,153**	**338,797**	**714,619**	**505,739**

*The comparative balances have been restated to reflect a correction of the prior year. Refer to “Vested Assets in the Prior Period” Note in 10.1.

28.2 Reconciliation of movement in financial liabilities to net cash flows from financing activities

	Liabilities				Equity		Total
Parent	**Borrowings from external parties**	**Borrowings from group entities**	**Finance lease liabilities**	**Derivative financial instrument liabilities**	**Share purchases**	**Dividends**	**Total**
30 Jun 23	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance	2,029,531	-	88,678	(3,573)	-	-	2,114,636
Add/(less) cash items liabilities arising from financing activities							
Cash inflows	523,800	-	-	-	-	-	523,800
Cash outflows	(372,283)	-	(3,921)	-	-	-	(376,204)
Net cash from liabilities arising from financing activities	**151,517**	**-**	**(3,921)**	**-**	**-**	**-**	**147,596**
Add/(less) non-cash items							
Cash flow hedges gain/(loss)	-	-	-	(37,153)	-	-	(37,153)
Cash flow hedges ineffectiveness	-	-	-	(6,720)	-	-	(6,720)
Fair value hedges ineffectiveness	-	-	-	-	-	-	-
Derecognition of cash flow hedges	-	-	-	6,785	-	-	6,785
IFRS 16 adoption reversal	-	-	-	-	-	-	-
New leases	-	-	-	-	-	-	-
Fair value of lease receivable	-	-	-	-	-	-	-
Fair value of concessionary loans	-	-	-	-	-	-	-
Other	(3)	-	-	-	-	-	(3)
Net changes in non-cash items	**(3)**	**-**	**-**	**(37,088)**	**-**	**-**	**(37,091)**
Less equity items							
Dividends paid	-	-	-	-	-	-	-
Dividends paid - non controlling interests	-	-	-	-	-	-	-
Share purchases	-	-	-	-	-	-	-
Net changes in equity items	-	-	-	-	-	-	-
Total borrowings and other financial liabilities	**2,181,045**	**-**	**84,757**	**(40,661)**	**-**	**-**	**2,225,141**

Reconciliation of movement in financial liabilities to net cash flows from financing activities *Continued*

	Liabilities				Equity		Total
Parent	**Borrowings from external parties**	**Borrowings from group entities**	**Finance lease liabilities**	**Derivative financial instrument liabilities**	**Share purchases**	**Dividends**	**Total**
30 Jun 22	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance	1,961,084	-	91,962	193,831	-	-	2,246,877
Add/(less) cash items liabilities arising from financing activities							
Cash inflows	431,453	-	-	-	-	-	431,453
Cash outflows	(363,006)	-	(3,284)	-	-	-	(366,291)
Net cash from liabilities arising from financing activities	**68,447**	**-**	**(3,284)**	**-**	**-**	**-**	**65,162**
Add/(less) non-cash items							
Cash flow hedges gain/(loss)	-	-	-	(192,918)	-	-	(192,918)
Cash flow hedges ineffectiveness	-	-	-	(11,271)	-	-	(11,271)
Fair value hedges ineffectiveness	-	-	-	-	-	-	-
Derecognition of cash flow hedges	-	-	-	6,785	-	-	6,785
IFRS 16 adoption reversal	-	-	-	-	-	-	-
New leases	-	-	-	-	-	-	-
Crown Infrastructure Partners loan	-	-	-	-	-	-	-
Fair value of concessionary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Net changes in non-cash items	**-**	**-**	**-**	**(197,404)**	**-**	**-**	**(197,404)**
Less equity items							
Dividends paid	-	-	-	-	-	-	-
Dividends paid - non controlling interests	-	-	-	-	-	-	-
Share purchases	-	-	-	-	-	-	-
Net changes in equity items	-	-	-	-	-	-	-
Total borrowings and other financial liabilities	**2,029,531**	**-**	**88,678**	**(3,573)**	**-**	**-**	**2,114,636**

Reconciliation of movement in financial liabilities to net cash flows from financing activities *Continued*

	Liabilities				Equity			Total
Group 30 Jun 23	**Borrowings from external parties $000**	**Borrowings from group entities $000**	**Finance lease liabilities $000**	**Derivative financial instrument liabilities $000**	**Share purchases $000**	**Dividends $000**	**Other Cashflow $000**	**Total $000**
Opening balance	3,672,726	-	56,645	3,609	-	-	-	3,732,980
Add/(less) cash items liabilities arising from financing activities								
Cash inflows	812,114	-	-	-	-	-	-	812,114
Cash outflows	(675,083)	-	(8,940)	-	-	(7,756)	-	(691,779)
Net cash from liabilities arising from financing activities	**137,031**	**-**	**(8,940)**	**-**	**-**	**(7,756)**	**-**	**120,335**
Add/(less) non-cash items								
Cash flow hedges gain/(loss)	-	-	-	(38,831)	-	-	-	(38,831)
Cash flow hedges ineffectiveness	-	-	-	(7,151)	-	-	-	(7,151)
Fair value hedges ineffectiveness	(4,446)	-	-	-	-	-	-	(4,446)
Derecognition of cash flow hedges	-	-	-	6,785	-	-	-	6,785
IFRS 16 to PBE conversion	694	-	(14,186)	-	-	-	-	(13,492)
New leases	-	-	3,201	-	-	-	-	3,201
Right of use asset valuation	-	-	-	-	-	-	-	-
Fair value of concessionary loans	-	-	-	-	-	-	-	-
Other	-	-	9,568	(15)	-	-	-	9,553
Net changes in non-cash items	**(3,752)**	**-**	**(1,417)**	**(39,212)**	**-**	**-**	**-**	**(44,381)**
Less equity and other items								
Dividends paid	-	-	-	-	-	-	-	-
Dividends paid - non controlling interests	-	-	-	-	-	7,756	-	7,756
Share purchases	-	-	-	-	-	-	-	-
Other items								-
Net changes in equity and other items	**-**	**-**	**-**	**-**	**-**	**7,756**	**-**	**7,756**
Total borrowings and other financial liabilities	**3,806,005**	**-**	**46,288**	**(35,603)**	**-**	**-**	**-**	**3,816,690**

Reconciliation of movement in financial liabilities to net cash flows from financing activities *Continued*

	Liabilities				Equity			Total
Group 30 Jun 22	**Borrowings from external parties $000**	**Borrowings from group entities $000**	**Finance lease liabilities $000**	**Derivative financial instrument liabilities $000**	**Share purchases $000**	**Dividends $000**	**Other Cashflow $000**	**Total $000**
Opening balance	3,505,776	-	58,752	255,799	-	-	-	3,820,327
Add/(less) cash items liabilities arising from financing activities								
Cash inflows	713,137	-	-	-	-	-	855	713,992
Cash outflows	(535,957)	-	(1,527)	-	-	(5,012)	-	(542,497)
Net cash from liabilities arising from financing activities	**177,180**	**-**	**(1,527)**	**-**	**-**	**(5,012)**	**855**	**171,495**
Add/(less) non-cash items								
Cash flow hedges gain/(loss)	-	-	-	(247,713)	-	-	-	(247,713)
Cash flow hedges ineffectiveness	-	-	-	(10,836)	-	-	-	(10,836)
Fair value hedges ineffectiveness	(10,239)	-	254	-	-	-	-	(9,985)
Derecognition of cash flow hedges	-	-	-	6,785	-	-	-	6,785
IFRS 16 adoption reversal	-	-	(8,357)	-	-	-	-	(8,357)
New leases	-	-	10,278	-	-	-	-	10,278
Right of use asset valuation	-	-	-	-	-	-	-	-
Fair value of concessionary loans	-	-	-	-	-	-	-	-
Other	9	-	(2,755)	(426)	-	-	-	(3,172)
Net changes in non-cash items	**(10,230)**	**-**	**(580)**	**(252,190)**	**-**	**-**	**-**	**(263,000)**
Less equity and other items								
Dividends paid	-	-	-	-	-	-	-	-
Dividends paid - non controlling interests	-	-	-	-	-	5,012	-	5,012
Share purchases	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	(855)	(855)
Net changes in equity and other items	**-**	**-**	**-**	**-**	**-**	**5,012**	**(855)**	**4,157**
Total borrowings and other financial liabilities	**3,672,726**	**-**	**56,645**	**3,609**	**-**	**-**	**-**	**3,732,980**

29 Related parties

Accounting Policy / Kaupapahere Kaute

Council is the ultimate parent of the Group. Details of subsidiaries and associates over which Council has significant influence, are set out on in the Group structure and Council Controlled Organisations section of the Annual Report.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

The Council provides grants and operational funding to a number of group entities and entities or organisations where the Mayor, Councillors or Executive Leadership Team are members of the organisations or their governing bodies. Such funding is agreed by Council on the same basis as other organisations with no such direct links.

Related Party Transactions required to be disclosed include provision of services, grants, non-standard commercial contracts and intercompany taxation activity.

Property transaction

The council sold a property at Carey St to OCHT for$3,450,000 during the year.

Provision of accounting / administration services

The Council provided accounting, administrative and IT services to the group entities outlined below. The Council does not provide such services to non-group entities.

Group entity	2023 Services to CCOs $000	2023 30 June Balance $000	2022 Services to CCOs $000	2022 30 June Balance $000
CCHL	144	24	107	24
CBL	-	-	20	-
CAfE	-	-	-	-
RBT	33	-	33	-
Venues Otautahi	-	-	4	-

Grants

The Council has provided a number of grants/subsidies to the group entities, and some of these are considered non- arm's length transactions. These grants are outlined in the table below:

Group entity	2023 $000	2022 $000	Reason for non-arm's length
RBT	489	556	In accordance with the Riccarton Bush Act
Regenerate	-	-	Non-contestable funding
CNZ - Seed Fund	1,539	1,539	Non-contestable funding
Venues Otautahi	7,781	9,292	Non-contestable funding

No balances were outstanding at year end (2022: nil).

Other commercial contracts

The Council has a contract with EcoCentral for waste collection and management. This contract was not tendered. In 2021/22 the Council paid $11.4 million (2022: $10.7 million) to EcoCentral and at year end $0.2 million (2022: $0.9 million) was outstanding.

Subventions

The final Council tax position for the 2022 tax year resulted in Council transferring losses of $42.4 million (2021 tax year: $33 million) and receiving a payment of $16.5 million (2021 tax year: $12.9 million).

The total amount of tax losses transferred between group companies was $43.0 million (2021 tax year: $33 million).

30 Major budget variations (Parent only)

For the year ended 30 June 2023			
Total revenue	$148.9 million higher than budget arising from:		
	Subsidies and grants	$74.5 million up	mainly due to the Te Kaha crown funding, NZTA funding and other subsidies.
	Development and financial contributions	$30.8 million up	due to higher-than-expected subdivision volume.
	Finance revenue	$14.9 million up	due to a combination of increased advance to CCOs and increased interest rate.
	Other revenues comprising:		
	Vested assets	$78 million down	timing against plan on year-to-year basis
	Insurance	$83.7 million up	unplanned insurance proceeds
	Fees and charges	$44.1 million down	due to the increase in consent volumes
	Subventions	$2.3 million up	due to higher available tax losses to transfer within the Group
Total expenses	$54 million higher than budget arising from:		
	Net (gains)/losses	$8.2 million up	relating to loss on disposal of PPE and assets held for sale, and fair value adjustments for financial instruments.
	Depreciation and amortisation	$22.7 million up	was a direct result from the increase in asset value from 2022 valuations.
	Other expenses including:		
	Finance costs	$12.1million up	due to a combination of increased borrowing (to fund advances to CCOs) and higher market interest rates
Total Other Comprehensive revenue and expenses	Asset revaluations	$388.4 million up	Actual revaluation gains of Three Water assets are higher than budget.
	Subsidiary valuations	$530.2 million up	valuations subject to market conditions existing at balance date
	Derivatives	$37.2 million up	valuations subject to market conditions existing at balance date

Statement of financial position

As at 30 June 2023

	$2809 million higher than budget explained by:		
Total assets	Cash and cash equivalents	$63 million up	due to pre-funding before debt repayments to take advantage of lower interest rates.
	Investments and other financial assets	$636 million up	due to a combination of revaluation increases and additional investments made during the year.
	Property, plant and equipment and intangible assets	$2051 million up	mainly due to the annual plan understating revaluation forecast movement. The valuation increase is primarily due to the revaluation of Three Waters.
	Accounts receivables	$57 million up	due to timing of invoicing and receipts.
	Changes to tax assets	$2 million up	due to imputation credits attached to dividends.
	$194 million lower than budget explained by:		
Total liabilities	Borrowing	$221 million down	due to the under delivery of debt-funded capital delivery programme.
	Other liabilities	$21 million up	mainly due to unbudgeted income in advance for prepaid inspections, and prepaid rates by ratepayers.

31 Remuneration

Accounting Policy / Kaupapahere Kaute

Section 31 of Schedule 8 of the Local Government Act 202 requires the disclosure of the remuneration of the mayor, chairpersons, members and chief executive of local authorities. The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

Chief Executive
The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

Key Management Personnel
Key management personnel includes that of the Mayor, Councillors and Executive Leadership Team of the Council.

Cost of severance payments
Section 33 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

Elected members
The Remuneration Authority determines the remuneration, allowances and expenses payable to mayors, deputy mayors, members of local authorities plus chairpersons and members of community boards. Refer Schedule 7 of the Local Government Act 2002.

31.1 Chief Executive

The total cost to the Council of the remuneration package paid or payable to the Chief Executive was:

	30 Jun 23	**30 Jun 22**
	$	**$**
Dawn Baxendale	543,943	526,849

31.2 Key management personnel

	30 Jun 23	**30 Jun 22**
	$000	**$000**
Key management personnel compensation		
Salaries and other short term benefits	3,896	4,046
Total	**3,896**	**4,046**

Commentary / Korerotanga

The remuneration details of the Chief Executive, Mayor and Councillors are set out in Notes 31.1 and 31.4. Key management personnel represent 22 full time equivalents (2022: 22).

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

31.3 Cost of severance payments

Commentary / Korerotanga

For the year ended 30 June 2023 the Council made seven severance payments as follows, $5,000, $7,000, $5,000, $16,000, $5,000, $25,000, $20,000.

This compares with the year ended 30 June 2022 the Council made four severance payments totalling $35,000, $8,500, $9,000, $151,000.

31.4 Elected members – Council

	30 Jun 23 Council Remuneration $	30 Jun 23 Directors Fees $	30 Jun 23 Total $	30 Jun 22 Council Remuneration $	30 Jun 22 Directors Fees $	30 Jun 22 Total $
Lianne Dalziel	60,798	-	60,798	195,000	-	195,000
Andrew Turner	40,922	-	40,922	131,255	-	131,255
Jimmy Chen	35,585	-	35,585	114,134	-	114,134
Catherine Chu	35,585	-	35,585	114,134	-	114,134
Melanie Coker	117,031	4,871	121,902	114,134	3,288	117,422
Pauline Cotter	124,294	6,165	130,459	114,134	-	114,134
James Daniels	-	-	-	4,829	-	4,829
Mike Davidson	35,585	-	35,585	114,134	-	114,134
Celeste Donovan	117,031	-	117,031	79,454	-	79,454
Anne Galloway	35,585	-	35,585	114,134	-	114,134
James Gough	117,031	-	117,031	114,134	-	114,134
Yani Johanson	117,031	5,137	122,168	114,134	-	114,134
Aaron Keown	117,031	-	117,031	114,134	-	114,134
Sam MacDonald	117,031	-	117,031	114,134	-	114,134
Phil Mauger **	174,041	5,137	179,178	114,134	51,119	165,253
Jake McLellan-Dowling	117,031	6,165	123,196	114,134	-	114,134
Tim Scandrett	117,031	-	117,031	114,134	-	114,134
Sara Templeton	117,031	-	117,031	114,134	-	114,134
Victoria Henstock	81,446	-	81,446	-	-	-
Mark Peters	89,186	-	89,186	-	-	-
Tyrone Fields	84,569	-	84,569	-	-	-
Andrei Moore	89,186	-	89,186	-	-	-
Tyla Harrison-Hunt	81,446	-	81,446	-	-	-
Kelly Barber	96,321	-	96,321	-	-	-
Total	**2,117,828**	**27,475**	**2,145,303**	**2,008,414**	**54,407**	**2,062,821**

* Director fees covers 2021 and 2022, donated to Mayor Welfare Fund

* Council remuneration excluded elected member allowances (technology and mileage)
** Directors fees are for the two years 2021/22 and 2022/23.

Commentary / Korerotanga

Elected member remuneration includes salary and resource consent hearing fees (where applicable) but excludes mileage and other reimbursing allowances.

Councillors who are directors of Christchurch City Holdings Limited and ChristchurchNZ Holdings Limited do not receive directors' fees. Both companies make a charitable donation in lieu of paying director fees directly to Councillors.

Councillor Johanson, Councillor Cotte, Councillor McLellan, Councillor Mauger and Councillor Coker donated their directors’ fees to Mayor’s Welfare Fund (MWF) in 2023.

31.5 Elected members – Board Members

		30 Jun 23 Total Remuneration $	30 Jun 22 Total Remuneration $
	Banks Peninsula Community Board		
c	Reuben Davidson	16,826	10,189
	Asif Hussain	7,034	-
	Nigel Harrison	10,157	10,377
	Lyn Leslie	7,034	-
	Howard Needham	10,157	10,143
	Luana Swindells	7,034	-
	Cathy Lum-Webb	7,034	-
	Tori Peden	6,242	21,204
	Jamie Stewart	3,124	10,152
	Scott Winter	3,124	10,002
	Tyrone Fields	-	10,002
	Fendalton-Waimairi-Harewood Community Board		
c	Bridget Williams	48,417	47,048
dc	Jason Middlemiss	24,511	23,534
	David Cartwright	24,511	23,534
	Linda Chen	24,511	23,534
	Nicola McCormick	17,172	-
	Shirish Paranjape	24,511	23,534
	Mike Wall	7,339	23,534
	Coastal-Burwood – Linwood Community Board		
c	Paul McMahon	33,783	-
dc	Jackie Simons	24,980	24,821
	Tim Baker	17,240	-
	Alex Hewison	17,240	-
	Greg Mitchell	17,240	-
	Jo Zervos	24,674	23,846
	Alexandra Davids	15,481	49,641
	Bebe Frayle	7,435	23,846
	Linda Stewart	7,435	23,846
	Sunita Gautam	-	24,821
	Darrell Latham	-	24,821
	Michelle Lomax	-	24,821
	Kelly Barber	-	47,711

		30 Jun 23 Total Remuneration $	30 Jun 22 Total Remuneration $
	Spreydon-Cashmere Community Board		
c	Callum Steward-Ward	42,592	23,846
dc	Keir Leslie	25,457	23,846
	Will Hall	18,023	-
	Roy Kenneally	18,023	-
	Tim Lindley	25,763	24,821
	Lee Sampson	25,457	23,846
	Karolin Potter	14,876	47,711
	Halswell-Hornby-Riccarton Community Board		
c	Helen Broughton	42,436	24,821
dc	Marie Pollisco	17,699	-
	Sarah Brunton	17,699	-
	Henk Buunk	17,699	-
	Imam Gamal Fouda	25,439	24,821
	Debbie Mora	25,439	24,821
	Mike Mora	15,481	49,641
	Andrei Moore	-	24,821
	Mark Peters	-	24,821
	Papanui-Innes Community Board		
c	Emma Norrish	46,861	47,711
dc	Simon Britten	23,837	23,846
	Sunita Gautam	24,143	-
	Ali Jones	15,454	23,846
	John Miller	16,403	-
	Emma Twaddell	23,837	23,846

c denotes chairperson
dc denotes deputy chairperson

	30 Jun 23	30 Jun 22
Total	**896,859**	**952,026**

Commentary / Korerotanga

The Banks Peninsula Community Board remuneration excludes members travel time allowance of $8,355 (2022: $2,034).

Board Member remuneration includes salary and resource consent hearing fees (where applicable) but excludes mileage.

See Note 29 Related Parties for detail on transactions between Council and elected members and key management personnel that were not at arm's length.

31.6 Council employees

At balance date, the Council employed 2,808 (2022: 2,721) staff members. These comprised 1,819 (2022: 1,755) full time employees with the balance of employees representing 380 (2022: 379) full-time equivalent employees. An employee is a full-time employee if they normally work 37.5 hours or more per working week.

The tables below provide the total annual remuneration by band for employees at 30 June. Total remuneration also includes non-financial benefits such as superannuation benefits provided to employees.

Salary band	30 Jun 23 Number of Employees	Salary band	30 Jun 22 Number of Employees
Less than 60,000	1,039	Less than $60,000	1,075
$60,001 to $80,000	622	$60,000 - $79,999	611
$80,001 to $100,000	442	$80,000 - $99,999	432
$100,001 to $120,000	338	$100,000 - $119,999	305
$120,001 to $140,000	222	$120,000 - $139,999	183
$140,001 to $160,000	95	$140,000 - $159,999	73
$160,001 to $180,000	22	$160,000 - $179,999	17
$180,001 to $200,000	11	$180,000 - $199,999	10
$200,001 to $220,000	11	$200,000 - $219,999	9
$220,001 to $560,000	6	$220,000 - $539,999	6
Total employees	**2,808**	**Total employees**	**2,721**

Commentary / Korerotanga

Overall the number of full time equivalent employees of the Parent increased by 65 or 3%.

32 Capital management

The Council's capital (equity or ratepayer's funds), comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for the renewal and maintenance programmes of major classes of assets to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of the Long Term Plan.

33 Legislative requirements

33.1 Council Controlled Organisations (CCOs)

The Local Government Act 2002 (LGA) requires the board of a CCO to deliver an annual report, half year report, and a quarterly report (if requested by the shareholder) and a statement of intent to its shareholders within specified timeframes.

In 2022/23, the following CCOs were unable to meet the statutory timeframes for 30 June 2022 annual reports due to delays in its audit programme:

- Riccarton Bush Trust
- Rod Donald Banks Peninsula Trust
- Central Plains Water Trust
- Development Christchurch Limited

Rod Donald Banks Peninsula Trust delivered its draft SOI to the Council on 2 March, against the statutory due date of 1 March.

Central Plains Water Trust delivered its draft SOI to the Council on 8 June, against a statutory due date of 1 March.

Venues Otautahi did not comply with the Local Government Act in respect of their statement of intent because it did not include forecast financial statements, and therefore no comparison of the forecast financial statements could be made with the historical financial statements presented in the annual report.

34 Subsequent events

34.1 Parent

The parent does not have any significant subsequent events in 2023.

34.2 Group

The group is aware of the following significant events after balance date:

Christchurch Adventure Park Insurance Settlement

In August 2023, the Christchurch Adventure Park, with the support of CCHL, negotiated a confidential insurance settlement in relation to the Port Hills Fires judgement. This is an adjusting event which has been reflected in the financial statements.

ChristchurchNZ Amalgamation

From 1st July 2022 CNZ adopted revised Accounting and Treasury Management policies, in anticipation of completing a shortform amalgamation of Development Christchurch Ltd (DCL) into ChristchurchNZ. The Council, as shareholder, has approved the amalgamation of DCL into CNZ however the timing of the amalgamation has not been confirmed. Upon amalgamation CNZ will receive the net assets of DCL (estimated book value of $18m) to provide the capital funding required for the operation of the Urban Development Function which is now a core component of CNZ activity.

Rod Donald Banks Peninsula Trust

The Council has confirmed its support for the Rod Donald Banks Peninsula Trust to take over the assets and responsibilities of the Little River Trail Trust. Work to progress and complete this transaction is currently under way and is expected to be complete in FY24.

35 COVID-19 disclosure

Due to the unique circumstances that have faced New Zealand (and the world) over the past 18 months, the Council Group has continued to recover from COVID-19 and contribute to the city's economic and social recovery. Whilst the impact of COVID-19 on some of CCHL's trading entities has been significant, the wider Council Group holds a diverse group of key infrastructure assets and has the ability to balance the challenges of some of the entities in the short term, with others that have not been as adversely impacted. As Council provides a wide range of services and facilities to residents, due to the nature of these services, there have been no noticeable impacts to service delivery results due to COVID-19 effects.

36 Three Waters Service Delivery

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

The financial impact of the water services reform on Christchurch City Council and Group remains uncertain until the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Group structure and Council controlled organisations

In order to achieve the Council's objectives it has established or invested in a number of companies and trusts. These organisations are managed independently to deliver significant services including the operation of infrastructure assets or to enable administrative efficiencies to be achieved.

Through its wholly owned investment arm CCHL, the Council has invested in a number of infrastructure assets.

The Council also has invested directly in other CCOs – VŌ, CBL and CNZH to enable administrative efficiencies to be achieved.

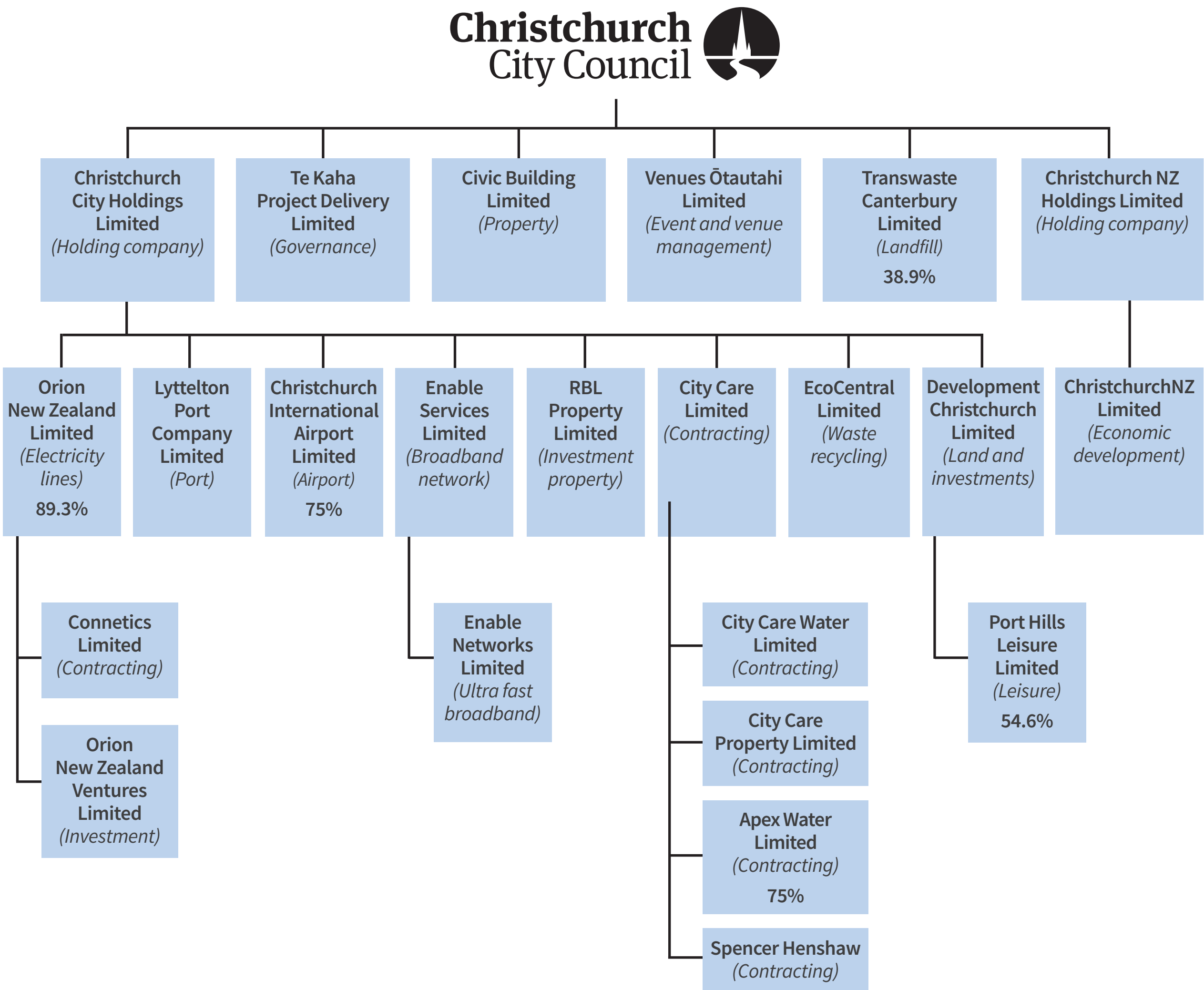
In addition to these trading organisations the Council has interests in a number of trusts which were set up to deliver specific services, events, facilities or benefits to the city.

This section explains what the organisations do, how their performance is measured and how they performed during 2022/23.

Group structure and Council Controlled Organisations

Group structure

as at 30 June 2023



Group structure and Council Controlled Organisations
Summary financial table

For more detail refer to individual company reports.

	Income	Net result (after tax)	
	2023 $000	2023 $000	2022 $000
Orion New Zealand Ltd	322,655	21,618	35,526
Lyttelton Port Company Ltd	178,676	18,959	18,924
Christchurch International Airport Ltd	203,460	36,844	59,528
City Care Ltd	586,630	11,420	3,714
Enable Services Ltd	108,817	28,319	22,440
EcoCentral Ltd	54,835	2,120	2,327
RBL Property Ltd	881	446	376
Development Christchurch Ltd	17,614	293	3,258
Venues Ōtautahi Ltd	31,082	(3,005)	868
Civic Building Ltd	4,394	9	(93)
ChristchurchNZ Holdings Ltd	24,185	(1,799)	782
Transwaste Canterbury Ltd	63,796	15,632	16,074
Riccarton Bush Trust	933	(160)	(184)
Rod Donald Banks Peninsula Trust	156	(405)	(143)
Central Plains Water Trust	-	-	-
Te Kaha Project Delivery Ltd	623	-	-
Ōtautahi Community Housing Trust	32,126	1,056	3,547

Christchurch City Holdings Ltd

www.cchl.co.nz

CCHL is the wholly owned commercial and investment arm of the Council. It holds shares in the following mostly trading companies and undertakes all governance activities, as well as monitoring and reporting on their performance.

Subsidiary companies

- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Enable Services Ltd
- City Care Ltd
- RBL Property Ltd (formerly Red Bus Ltd)
- EcoCentral Ltd
- Development Christchurch Ltd

Nature and scope of activities

CCHL's mission is to support the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable.

The company's core role is to monitor the Council's commercial investments, which largely service the region's infrastructure needs. The key objective of the CCHL group of companies is to deliver strong financial returns and dividends to the Council and increase shareholder value and regional prosperity through growth, investment and dividend payments.

Policies and objectives relating to ownership and control

CCHL was established to group the Council's for-profit trading enterprises under one umbrella, and to provide a single arms-length interface between these CCTOs and the Council.

Section 59 of the Local Government Act 2002 sets out the principal objective of CCOs. These objectives underpin CCHL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Sustainability

The Group has continued to make progress towards measuring and reporting group wide greenhouse gas (GHG) emissions in FY23. The Group remains committed to addressing climate change and the impact its subsidiaries have on the environment, the need to build resilience, and understand and manage risk. The Group continues to work towards reducing emissions to achieve carbon neutrality by 2030 and net zero GHG emissions (excluding methane) by 2045.

With the introduction of mandatory climate-related disclosures required for the Group from FY24, CCHL will implement a climate-related reporting framework for the financial year ended 30 June 2024, highlighting the Group's commitment to the Aotearoa New Zealand Climate Standards.

Individual subsidiaries within the CCHL group have developed and are reporting against their own sustainability metrics, including emissions reduction performance measures, noting that each subsidiary is at a different stage of their own carbon reduction journey and as a result there is variability in the scope of activities captured by their measures in FY23.

CCHL has started the work required for a Group GHG emissions reduction plan, which will be completed in early FY24.

The CCHL Impact Committee (a subcommittee of the Board) oversees CCHL's strategies, policies and practices in relation to CCHL's Impact Programme which encompasses the Group's approach to ESG issues, including external reporting in relation to those areas.

In the letter of expectations to subsidiaries for FY23, CCHL requested that all subsidiaries continue to assess and manage climate risk as they would any other financial risk, and continue to:

- Establish clear sustainability targets that they can report against; and
- Support the CCHL Group wide work to continue developing, implementing and reporting on Group wide sustainability targets.

CCHL continues to monitor and report progress against the targets. The targets have been set using a common platform/measure via www.sciencebasedtargets.org.

There is a level of inherent uncertainty in reporting greenhouse gas emissions. This is due to a level of scientific uncertainty as well as estimation uncertainty involved in the measurement processes. This has resulted in an emphasis of matter paragraph being included in the audit reports of Christchurch International Airport, Enable Services Limited and City Care Limited, as well as in CCHL Group's own audit report, to highlight this uncertainty to its readers.

Key performance targets	**2023 Target**	**2023 Actual**
Financial		
Net profit after tax	$68 million.	Achieved $99 million.
CCHL financial and distribution performance meets the shareholder's expectations	CCHL pays a dividend that meets or exceeds $32.4 million.	Achieved $32.4 million.
Strategic review	CCHL will complete a strategic review as agreed between the Council and CCHL.	Partially achieved. In progress with delivery on target for end of calendar year 2023.
Sustainability		
CCHL group companies demonstrate commitment to tangible climate action through greenhouse gas (GHG) emissions measurement and reduction targets that are environmentally and economically sustainable	CCHL group and each subsidiary will publish annual independently verified GHG emission inventory according to ISO 14064 best practice.	Partially achieved due to subsidiary companies not having yet all achieved annual independent verification processes. Expected to be completed early in financial year 2024.
	CCHL group and each subsidiary will commit to reduce emissions ahead of or in alignment with science-based reduction targets to limit warming to 1.5 degrees.	Partially achieved – completed at subsidiary level, but at Group level not expected to be completed until early in FY 2023/24.
	CCHL Group and subsidiary progress in relation to science-based targets will be reported annually	Partially achieved – the Group monitors progress against targets on a quarterly basis. LPC adopted science based targets after year end date.
	CCHL group (and each subsidiary) will prepare GHG emissions reduction management plans including recommendations to accelerate decarbonisation and a timeline to achieve net zero GHG emissions.	Not achieved – as Group Level Emissions Reduction Plan not yet completed.
	CCHL Sustainability Working Group (and Council representatives) will develop and oversee the programme of work including governance oversight and workstream implementation aimed at accelerating group progress.	Achieved.

Orion New Zealand Ltd

www.oriongroup.co.nz

Orion is an energy network management company in which Council has an 89.3% shareholding through CCHL (the remaining 10.7% is owned by Selwyn District Council). Orion owns Connetics Ltd, an electrical contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

Subsidiary companies

- Connetics Ltd
- Orion NZ Ventures Ltd

Nature and scope of activities

Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass. It has 220,800 customer connections, and is New Zealand's third largest electricity distribution business in terms of line revenue, asset size and system length (km).

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin Orion's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	2023 Target	2023 Actual
Net profit after tax	$22.1 million.	Not achieved – $21.6 million.
Network reliability targets		
Overall network - Minutes of supply interruptions per customer (SAIDI)	124.39	Achieved – 69.3
Overall network - Number of supply interruptions per customer (SAIFI)	1.1832	Achieved – 0.5790
Carbon reduction targets		
Corporate emissions	Reduce to 2,761 tC02e	Not achieved, 3,363 tC02e.
Indirect (scope 3) emissions (employee commute and network design)	Measure and reduce	
Health and Safety targets		
Events resulting in serious injury	to Orion group employees ≤4 to Orion service providers ≤4 to the public 0	Achieved – 4 Achieved – 2 Not achieved – 1

SAIDI and SAIFI measures are international industry standards which enable assessment of network performance. The targets are consistent with the Commission's network reliability limits for Orion for the year, pursuant to Orion's customised price-quality path.

Financial summary
Statement of financial performance for the year ended 31 March 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	322,617	310,562
Finance Income	38	3
Operating and other expenses	294,986	262,055
Operating profit before tax	27,669	48,510
Tax (benefit)	6,051	12,984
Net profit for the year	21,618	35,526

Net profit after tax is $21.6 million in 2022/23 compared to $35.5 million in 2021/22. The reduction of around $14 million reflects higher depreciation and amortisation expenses as a result of the increase in the value of the electricity network in 2022, and the impact of higher inflation and interest rates. This is partially offset by increased revenue from contracting services of $7 million.

Dividends paid to CCHL of $32 million.

Lyttelton Port Company Ltd

www.lpc.co.nz

Lyttelton Port Company Ltd (LPC) operates under the Port Companies Act 1988. As a fully owned subsidiary of CCHL, it manages the port assets, including land and facilities on a commercial basis.

Lyttelton Port is the South Island's largest port by volume and the third largest container port in New Zealand. It provides a vital link to international trade routes and plays a key role in the global transport network.

Nature and scope of activities

LPC is involved in providing land, facilities, plant and labour for the receiving, delivery, stockpiling, stacking and shipping of a wide range of products; the ownership of land and facilities necessary to maintain LPC's commercial assets; and the provision of facilities associated with the repair and servicing of vessels.

Policies and objectives relating to ownership and control

LPC is recognised as a strategic Council asset, operating in a commercial manner in a way that benefits the region as a whole.

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. These objectives underpin LPC's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin Venues Ōtautahi's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	**2023 Target**	**2023 Actual**
Net profit after tax	$21 million	Not achieved $18.9 million.
Carbon emissions – reduce scope 1 and 2 operational	10%	Achieved 12.3% reduction.
Health, safety and wellbeing		
Total recordable injury frequency rate (TRIFR)	<5.4	Achieved 3.59.
Lost time injury frequency rate	<2.66	Achieved 2.33.

Financial summary

Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	**2022 Actual $000**
Operating revenue	181,662	161,736
Finance Income	(2,986)	(1,607)
Operating and other expenses	152,156	133,227
Operating profit before tax	26,520	26,902
Tax (benefit)	7,561	7,978
Net profit for the year	18,959	18,924

Net profit after tax in 2022/23 has been maintained at the same level as in 2021/22. Port operations returned revenue $20 million higher than the prior year, which was offset by higher interest costs and inflationary pressure on operating expenses plus a one-off cost of removing derelict inner harbour jetties for health and safety and environmental reasons.

Dividends paid to CCHL of $10 million.

Christchurch International Airport Ltd

www.christchurch-airport.co.nz

Christchurch International Airport Ltd (CIAL) is jointly owned by CCHL (75%) and the Crown (25%). The primary activity of the company is to own and operate the Christchurch International Airport efficiently and on sound business principles.

Nature and scope of activities

The company operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence. The airport is located 10 kilometres northwest of Christchurch city centre, on the western city development edge and is a critical piece of national and regional infrastructure.

As the gateway for Christchurch and the South Island, the airport is New Zealand's second largest airport based on passenger numbers and the busiest and most strategic air connection for the South Island trade and tourism markets.

CIAL is responsible for the efficient and safe operation of the airport, while aiming to provide the airport's diversity of users with modern, appropriate and efficient facilities and services.

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors, and delivers airport land for retail, commercial and freight logistics' businesses.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. These objectives underpin CIAL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	2023 Target	2023 Actual
Net profit after tax	$25.8 million.	Achieved $36.8 million.
Domestic passengers	4,723,790.	Not achieved 4,630,845.
International passengers	977,211.	Achieved 1,058,565.
Carbon	Maintain trend in milestone emissions reduction goal of 84% reduction in scope 1 and 2 by 2035 (using FY2015 carbon baseline).	On track to achieve 2035 target.
Health and Safety	Maintain health, safety and wellbeing score above 85% in annual culture and engagement survey.	Not achieved 83%.

Financial summary
Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	203,080	187,194
Finance Income	380	60
Operating and other expenses	162,392	129,769
Operating profit before tax	41,068	57,485
Tax (benefit)	4,224	(2,043)
Net profit for the year	36,844	59,528

Net profit after tax is $36.8 million in 2022/23 compared with $59.5 million in 2021/2022 – a reduction of $22.7 million. This reflects a significant increase in aviation activity following the lifting of COVID-19 restrictions and increased rent and lease income from the property portfolio. This was offset by a one-off fair value gain on investment properties in 2021/22 of $48.4 million.

Dividends paid to CCHL of $13 million.

City Care Ltd

www.citycare.co.nz

City Care Ltd's (CCL's) primary activity constructing, maintaining and managing infrastructure and property assets. It is a wholly-owned company of CCHL.

City Care has a 75% shareholding in Apex Water Ltd, a design and build company of wastewater treatment plants. In the 2023 financial year CCL acquired 100% of property maintenance company Spencer Henshaw Ltd.

Nature and scope of activities
CCL's main service offerings are:

- City Care Water – three waters design, construction and maintenance solutions, asset management and optimisation services, network management and resilience solutions.
- City Care Property – asset and facilities management, property maintenance and trade services, open space and parks maintenance, building construction and capital works including landscapes as well as project management services.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. These objectives underpin CCL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	2023 Target	2023 Actual
Net profit after tax	$7.858 million.	Achieved $11.420 million.
Health & Safety	<10 incidents requiring notification to WorkSafe	Achieved.
	<1 WorkSafe investigation	Achieved.
Environmental	Annual reduction of company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals.	Achieved.
	100% of new (non-operational) passenger vehicles purchased or leased to be hybrid of EV (excludes vehicles procured through acquisitions) (subject to availability).	Achieved.

Financial summary
Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	585,924	311,294
Finance Income	706	272
Operating and other expenses	572,012	306,113
Operating profit before tax	14,618	5,453
Tax (benefit)	3,198	1,739
Net profit for the year	11,420	3,714

Net profit after tax of $11.4 million in 2022/23 exceeds 2021/22 profit by $7.7 million. This is largely due to the acquisition of Spencer Henshaw in September 2022.

Enable Services Ltd

www.enable.net.nz

Enable Services Ltd (ESL) is wholly owned by CCHL and trading as Enable Networks.

Nature and scope of activities

Enable's core business is to provide wholesale services over its fibre network infrastructure including retail fibre broadband, voice, internet, TV, video calling, content, gaming, and IT services provided to customers (such as homes, businesses, and schools).

Associate companies

Enable Networks Ltd (ENL).

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-Controlled organisations. These objectives underpin ESL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	2023 Target	2023 Actual
Net profit after tax	$23.1 million	Achieved $28.3 million.
Number of connections (cumulative)	150,369	Achieved 150,948.
Connection service level agreement achieved	>95%	Not achieved 94.94%.
Total network availability	>99.97%	Achieved 99.996%.
<u>Carbon emissions</u>		
Achieve a 35% reduction for scope 1 and 2 emissions by 2025 and a 62% reduction by 2030	Adopt science-based targets.	In progress.
	Finalise a plan to achieve net zero emissions by 2030.	In progress.
<u>Health, safety and wellbeing</u>		
Total recordable injuries frequency rate/million hours	<=3	Not achieved – 5.
Serious harm injuries	0	Achieved – 0.

Financial summary
Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	108,228	94,600
Finance Income	589	210
Operating and other expenses	69,546	63,473
Operating profit before tax	39,271	31,337
Tax (benefit)	10,952	8,897
Net profit for the year	28,319	22,440

Net profit after tax for 2022/23 of $28.3 million is higher than 2021/22 by $6 million as a result of increased revenue from 7,617 more connections to the fibre broadband network.

Dividends paid to CCHL of $20 million.

EcoCentral Ltd

www.ecocentral.co.nz

EcoCentral is wholly-owned by CCHL.

Nature and scope of Activities

EcoCentral oversees the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region. The company works to reduce the amount of waste going to landfill and finding ways to ensure Christchurch is a leader in recycling.

Eco manages:

- EcoShop, the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.
- EcoSort, a large facility that receives all the 'Yellow Bin' recycling from Christchurch and surrounding areas where it is automatically sorted, baled and sold as reclaimed material. Material is sold either domestically or internationally to be made into new products.
- EcoDrop comprises three transfer stations for managing the city's recycling and refuse for both domestic and commercial waste. Each station has a recycling centre, household hazardous waste drop off area and a refuse area for general waste, green waste and hardfill.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. These objectives underpin EcoCentral's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	**2023 Target**	**2023 Actual**
Net profit after tax	$1.534 million	Achieved $2.179 million.
EcoDrop – waste minimisation	Divert at least 60,000 tonnes from landfill.	Achieved 61,317 tonnes.
EcoSort – MRF plant improvement	Completion of MFE Fibre and Plastic capital improvement projects within agreed schedule	Achieved.
EcoSort	Waste <11%	Not achieved 16.8% due to higher volume of waste being identified during sorting.
EcoShop / Resource recovery – customer sales	145,000	Not achieved 137,627 due to lower demand.
EcoShop – total resource recovery diverted from landfill	7,500 tonnes	Not achieved 7,287 tonnes.
Improve operational efficiency of machinery and plant to reduce carbon emissions	Reduce kilowatt hours per tonne from 2021/22 baseline Reduce measured carbon footprint	Not achieved due to higher electricity demand of new MRF plant. Not achieved due to upgrade of recycling plant.

Financial summary

Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	**2022 Actual $000**
Operating revenue	54,515	42,990
Finance Income	320	69
Operating and other expenses	51,888	39,825
Operating profit before tax	2,947	3,234
Tax (benefit)	827	907
Net profit for the year	2,120	2,327

Net profit after tax in 2022/23 is lower than 2021/22 by $200,000 largely driven by higher accelerated depreciation on the upgrade to the Materials Recovery Facility.

Dividends paid to CCHL of $2.5 million.

RBL Property Ltd

RBL Property Limited is wholly owned by CCHL.
The company was formerly Red Bus Ltd which provided public passenger transport, freighting and ancillary services. The operations were sold in 2020.

Nature and scope of activities

The company owns a block of land and its only activities are leasing and managing the property until its future ownership has been decided.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. These objectives underpin RBL Property's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	2023 Target	2023 Actual
Net profit after tax	$270,000	Achieved $446,000.
Mana	Constructive relationship with owners regarding future of land holding.	Achieved.

Financial summary
Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	881	1,410
Finance Income	-	-
Operating and other expenses	325	892
Operating profit before tax	556	518
Tax (benefit)	110	142
Profit from discontinued operations	-	-
Net profit for the year	446	376

Net profit after tax for 2022/23 is $70,000 higher than 2021/22. This is largely attributable to increased rental from property assets.

Development Christchurch Ltd (NOT AUDITED)

Development Christchurch Ltd (DCL) is wholly-owned by CCHL.

Nature and scope of activities
DCL was established by Council in 2015, with its purpose being to accelerate development activities in Christchurch's built environment. In mid-2020 the Council decided to transfer DCL's ongoing projects and functions to local agencies given the changing economic drivers in the city. DCL has retained ownership of land assets and an investment in the Christchurch Adventure Park pending eventual transfer to other Council-owned entities.

Policies and objectives relating to ownership and control
Section 59 of the Local Government Act 2002 sets out the principal objective of Council-controlled organisations. These objectives underpin DCL's strategic direction and business plans, including the achievement of shareholders' commercial and non-commercial objectives and operating in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets	2023 Target	2023 Actual
Work closely with ChristchurchNZ Holdings Ltd	Confirmed sale and purchase agreements on all property held for resale for the benefit of the city.	Not Achieved – Lot 5 Milton Street being retained by CNZ.
Monitor investment in Christchurch Adventure Park	Monitor and establish appropriate ownership model for Council's stake.	In progress.

Financial summary
Statement of financial performance for the year ended 30 June 2023

-	2023 Actual $000	2022 Actual $000
-	-	-
Operating revenue	16,928	10,524
Finance Income	686	103
Operating and other expenses	16,956	6,083
Operating profit before tax	658	4,544
Tax (benefit)	365	1,286
Net profit for the year	293	3,258

Net profit after tax is $3 million lower in 2022/23 reflecting one-off gains on sale of property in 2021/22.

Venues Ōtautahi Ltd

www.venuesotautahi.co.nz

VENUES ŌTAUTAHI

Venues Ōtautahi is wholly-owned by the Council.

Nature and scope of activities

Venues Ōtautahi has two areas of focus – attracting, hosting and managing events to its owned facilities and ownership and management of facilities. Venues Ōtautahi owns and/or operates the following venues:

- Town Hall (owned and managed);
- Wolfbrook Arena (formerly Christchurch Arena) (owned and managed);
- Apollo Projects Stadium (formerly Orangetheory Stadium), Addington (managed);
- Wigram Air Force Museum (managed); and
- Hagley Cricket Oval Pavilion (managed).

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin Venues Ōtautahi's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

	2023 Target	**2023 Actual**
Financial Target	EBITDA -$177,000.	Achieved $1.274 million.
Economic Impact Attract and manage events that generate positive financial impact.	At least 14 major ticketed events at Venues Ōtautahi venues.	Achieved 28.
Social and Cultural Impact Maximise attendance at Venues Ōtautahi venues.	Guests to venues exceed 400,000.	Achieved 689,707.
Make venues available to support local community groups/ individuals.	At least 40 events receive the community rate.	Achieved 65.
Asset Care Ensure assets are maintained at a suitable level for general use at all venues.	The Asset Management Plan (AMP) is reviewed and updated annually, and asset maintenance is compliant with the AMP timetable.	Annual review completed. Asset management activity has been delayed due to legacy impacts of COVID-19 on the supply chain.
Sustainability and Environment Contribute to reducing the City's carbon footprint.	Establish GHG emission, energy, solid waste and water management plans through to 2030.	Achieved.
	Engage with independent verifier to acquire internationally recognised industry best practice environmental and carbon certification.	Achieved.
Client and Guest Experience Client Net Promoter Score (NPS[3]).	Greater than 45.	Achieved 65.

Financial summary

Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	**2022 Actual $000**
Operating revenue	27,330	14,589
Operating expense	25,573	15,680
Net operating profit	1,757	(1,091)
Other revenue	3,752	7,148
Other expenses	9,674	9,361
Operating profit before tax	(4,165)	(3,304)
Tax (benefit)	(1,160)	(4,172)
Net surplus/(deficit)	(3,005)	868

The operating deficit after tax of $3 million in 2022/23 compares to a surplus of $0.8 million in 2021/22, lower by $3.9 million. Event delivery and management made a positive contribution to profit of $2.9 million due to greater demand in the post-COVID-19 environment, with a larger proportion of higher yield events delivered. This was offset by a lower capital grant from the Council in accordance with Venues Ōtautahi's asset management plan of $1.5 million, a lower tax benefit of $3 million and a one-off COVID-19 subsidy in 2021/22 of $1.9 million.

Civic Building Ltd

Civic Building Ltd (CBL) is wholly-owned by the Council.

Nature and scope of activities
CBL owns a 50 per cent interest in the Christchurch Civic Building Joint Venture with Ngāi Tahu Property (CCC-JV) Limited. The joint venture owns the Civic building in Hereford Street.

Policies and objectives relating to ownership and control
Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin CBL's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

Objective and Strategy	2023 Target	2023 Actual
Net profit after tax	$547,000	Not achieved $9,000.
Manage the investment in a commercially astute and prudent manner	Ensure the Civic Building is managed in accordance with the management agreement	
The Civic building was designed to achieve a high standard in terms of environmental and energy sustainability	Continue to develop appropriate performance measures in line with the sustainability goals for the company and the REGGE reporting framework	In progress.
Maintain the building to meet or exceed NZS 4121:2001 Design for access and mobility	Commission an access audit pursuant to NZS4121	Achieved.
	Develop an improvement plan to address material issues raised in the access audit.	Achieved.

Financial summary
Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	4,394	4,327
Operating and other expenses	4,396	4,457
Operating profit before tax	(2)	(130)
Tax (benefit)	(11)	(37)
Net profit for the year	9	(93)

The operating profit after tax of $9,000 in 2022/23 is $102,000 higher than the deficit of $99,000 in 2020/21. This reflects inflationary impacts on operating costs and interest rate impacts on both expense (loans from the Council) and revenue (operating lease).

ChristchurchNZ Holdings Ltd

www.christchurchnz.com

ChristchurchNZ Holdings Ltd (CNZ) is wholly-owned by the Council. It is the holding company for the Council's investment in ChristchurchNZ (CNZ).

CNZ is Christchurch's economic development agency, responsible for delivering sustainable economic growth for Ōtautahi Christchurch on behalf of the Council.

Subsidiary and associate entities

CNZ is a joint venture partner with the Canterbury Employers' Chamber of Commerce in Canterbury Regional Business Partners Limited, a regional vehicle funded by the government to drive increased capability in small to medium sized entities.

Nature and scope of activities

CNZ's core priorities are job growth, improvement in economic, social and environmental competitiveness of Christchurch businesses and promotion of Christchurch nationally and globally to attract people to the city to do business, invest, study and live.

CNZ, along with its partners is responsible for developing, monitoring and implementing the Christchurch Economic Development Strategy, Christchurch Visitor Strategy, Christchurch Major Events Strategy and Christchurch Antarctic Gateway Strategy, and for developing the Christchurch City Narrative.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin CNZ's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key Performance Targets

Strategic priority	2023 Target	2023 Actual
Financial – 3rd party revenue as a % of total revenue	≥25%	Achieved - 34%
Carbon emissions.	Reduce over 2018/19 baseline (120 tonnes) and offset to net zero.	Achieved – 110 tonnes.
Health and safety – harm to employees while working.	Zero.	Achieved - zero.
Long lasting job creation supported by CNZ.	145 FTE jobs.	Achieved 617.
Short term job creation supported by CNZ through events, urban development and screen activity.	400 FTE jobs.	Achieved 685.
Estimated value of GDP contribution attributable to CNZ.	$48 million.	Achieved $88.7 million.
Contribution to visitor spend supported by CNZ.	$27 million.	Achieved $60.4 million.
Value of investment into Christchurch supported by CNZ.	$40 million.	Achieved $134.5 million.

Financial summary

Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	24,185	23,436
Operating and other expenses	25,960	22,651
Operating profit before tax	(1,775)	785
Tax (benefit)	24	3
Net profit for the year	(1,799)	782

The loss after tax of $1.8 million in 2022/23 compares to a surplus of $0.8 million in 2021/22 largely reflecting planned additional investment in the Christchurch economy of $3.3 million. Of this $1.8 million was funded from accumulated funds on CNZ's balance sheet with the remainder funded from COVID-19 recovery grants from central Government.

Transwaste Canterbury Ltd

Transwaste was incorporated in March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened in June 2005. Transwaste is a joint venture between local authorities in the region and Waste Management NZ Limited, with the Council owning 38.9 per cent.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Council has a policy of maintaining, together with other local authorities in the region, an equal interest (50%) in residual waste disposal activities, as major shareholder, Waste Management Canterbury Ltd.

Through a Statement of Intent, the Council and other shareholders influence the direction of the company, its objectives and its accountability settings.

Key performance targets

Objective and Strategy	**2023 Target**	**2023 Actual**
To operate a successful business, providing a fair rate of return to shareholders.	Kate Valley Dividends $16.1 million.	Achieved, dividend paid $18.3 million.
	Total Revenue (including waste levy) of $68.1 million.	Not achieved ($63.1 million) due to lower tonnage to the landfill than anticipated.
Environmental standards.	Nil consent breaches notified during the year or advised by ECan.	Achieved.
Service quality.	No transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers.	Achieved.
Reduce carbon emissions.	Carbon footprint measured and independently certified and reduced in accordance with KPIs.	Carbon footprint measured and audited.
Maximise capture and destruction of landfill gas from Kate Valley landfill.	In excess of 90% (measured in accordance with the regulations to the Climate Change Response Act 2002).	Achieved.
	Ensure the beneficial use of landfill gas to obtain the best economic value.	Not achieved due to transmission line improvements being required by the electricity lines owner.
Health and safety.	Maintain or improve current total recordable injury frequency rate for last 12 months.	Achieved (nil).
	Maintain Kate Valley public walkways.	Achieved - no serious avoidable injuries.

Financial summary

Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	**2022 Actual $000**
Revenue	63,796	59,764
Expenses	42,085	38,089
Profit before tax	21,711	21,675
Tax (benefit)	6,079	5,601
Net profit for the year	15,632	16,074

Operating profit before tax in both 2022/23 and 2021/22 was $21.7 million. Revenue and expenses in 2022/23 are higher than in 2021/22 reflecting the increase in the Government's waste levy of $10 per tonne of waste to landfill in 2022/23 (from $20 to $30 per tonne) resulting in an increase in both revenue collected and expense remitted of $3.5 million over the prior year's total levy.

Dividends paid to the Council shareholder $7.119 million.

Riccarton Bush Trust (NOT AUDITED)

www.riccartonhouse.co.nz

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The Trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains.

Riccarton Bush Trust was incorporated under a 1914 Act of Parliament, which was followed by a series of amendments, the most recent being the Riccarton Bush Amendment Act 2012. This gives the Riccarton Bush Trust the power to negotiate with the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds.

The Council appoints five of the eight members on the Trust Board.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin Riccarton Bush Trust's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the Riccarton Bush Trust, its objectives and measures of performance for which the Trust will be held accountable.

Key performance targets

Performance targets	2023 Target	2023 Actual
Financial performance.	Operating expenses $567,000.	Not achieved. Expenses $1.09 million due to depreciation and impairment excluded from target of $0.3 million, painting of the House budgeted in a prior period of $0.2 million.
Riccarton House.	Encourage public interest, use and participation and promote the natural and cultural heritage values of the site.	Achieved.
Monitor Health and Safety practices in accordance with policy to meet the requirements of the Health and Safety at Work Act 2015	Report to each Board meeting on: Serious harm incidents = 0 Accident = 1 Near misses = 3.	Achieved.
Climate change	Commit to becoming net carbon neutral by 2030.	Not achieved.

Financial summary

Statement of financial performance for the year ended 30 June 2023

-	2023 Actual $000	2022 Actual $000
-	-	-
Operating revenue	933	688
Operating and other expenses	1,093	872
Operating profit before tax	(160)	(184)
Tax (benefit)	-	-
Net profit for the year	(160)	(184)

The operating deficit in 2022/23 of $160,000 is lower than 2021/22 by $24,000. This was represented by increased revenue of $245,000 from Riccarton House activities and donations ($47,000) and the Council's operating and capital grants ($147,000). Offsetting the gains were increased depreciation following revaluation of Riccarton House ($33,000) and maintenance expenses (including House painting) of $175,000.

Rod Donald Banks Peninsula Trust (NOT AUDITED)

www.roddonaldtrust.co.nz

The Rod Donald Banks Peninsula Trust is a charitable trust created by the Council in July 2010. It was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and exists for the benefit of the present and future inhabitants of Banks Peninsula and visitors to the region. The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pātaka o Rākaihautū – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the Peninsula's natural environment.

Nature and scope of activities

The Trust recognises the community as being of critical importance to the achievement of its charitable objects and focuses its efforts on engaging with groups with similar aims. The Trust acts as a facilitator, conduit and connector to assist these groups in the pursuit of common goals.

The Trust's hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups to achieve goals that they cannot otherwise achieve on their own.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin the Trust's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the Trust, its objectives and measures of performance for which the Trust will be held accountable.

Key performance targets

Performance indicator	2023 Target	2023 Actual
Meet Financial targets.	Operating loss $127,933 (before strategic grants and non-cash expenses).	Achieved - surplus $351.
The Trust bases its projects on four key pillars - Access, Biodiversity, Knowledge, and Partnerships.	Assess all potential projects brought to the Trust's attention against these four pillars to determine whether they should be added to the Trust's project list and action those that are deemed a priority.	Achieved.
	Make submissions on relevant policy documents in support of the pillars.	Achieved.
Provide leadership and tangible support for the projects achieving access.	A network of well managed walking and biking trails with long term secure public access that provide free walking and connect major communities.	Achieved.
Provide tangible support for biodiversity	Active support for Banks Peninsula Conservation Trust's Ecological Vision goals for protecting forest remnants, rare ecosystems and four indigenous forecast areas of more than 1000ha each.	Achieved.

Financial summary
Statement of financial performance for the year ended 30 June 2023

-	2023 Actual $000	2022 Actual $000
-	-	-
Operating revenue	156	245
Operating and other expenses	561	388
Operating profit before tax	(405)	(143)
Tax (benefit)	-	-
Net loss for the year	(405)	(143)

The Trust's operating deficit of $405,000 is $262,000 higher than in 2021/22. This was due to lower revenue of $89,000 reflecting non-repeating grants and donations for Te Ahu Pātiki received in the prior year. Expenditure was higher by $173,000 for strategic grants and project expenditure by $200,000 offset by lower Trust administration and operating costs of $47,000.

Central Plains Water Trust (NOT RECEIVED AND NOT AUDITED)

www.cpw.org.nz

The Central Plains Water Trust (CPWT) was established by the Christchurch City and Selwyn District Councils (the Settlors) to facilitate sustainable development of central Canterbury's water resource.

Resource consents were issued by the Environment Court on 25 July 2012 which allow water to be taken from the Rakaia and Waimakariri rivers for the Central Plains Water Enhancement Scheme operated by Central Plains Water Limited (CPWL).

Nature and scope of activities
To hold resource consents for the proposed Canterbury Plains Water Enhancement Scheme for the use of Central Plains Water Limited and to monitor the company's performance against them.

CPWT's obligations include reporting annually to the people of Canterbury on the Scheme's environmental, social and economic results and administering the Environmental Management Fund in the manner set out in the resource consents.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin the Trust's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council shareholders influence the direction of the Trust, its objectives and its accountability settings.

Key performance targets

Performance indicator	2023 Target	2023 Actual
Reporting to the public on the performance of the Central Plains Water Scheme	Publish Annual Sustainability Report on website.	
Environmental targets	Ensure compliance with resource consents/water rights. Report on any non-compliance with resource consents/water rights.	
Engagement	Six monthly engagement with Selwyn District Council and Christchurch City Council.	

Financial summary
Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue		104
Operating and other expenses		104
Operating profit before tax	-	-
Tax (benefit)	-	-
Net profit for the year	-	-

Ōtautahi Community Housing Trust

www.ocht.org.nz

The Ōtautahi Community Housing Trust (OCHT) was established by the Christchurch City to facilitate the delivery of social housing.

Nature and scope of activities

OCHT is a class 1: social landlord under the Pubic and Community Housing Management (Community Housing Provider) Regulations 2014 and Public and Community Housing Management Act 1992.

As a Community Housing Provider (CHP) for the Government in particular the Ministry of Social Development. OCHT was established to provide social and affordable rental housing through direct ownership or other means and associated rental accommodation services in Christchurch and Banks Peninsula for the relief of social housing tenants.

Key performance targets

No key performance targets exist between the Council and OCHT.

Policies and objectives relating to ownership and control

The OCHT is not a Council-controlled Organisation under the Local Government Act 2002, however does require consolidation into the Council Group under Public Benefit Entity IPSAS 35 – Consolidated Financial Statements accounting standard.

Financial summary

Statement of financial performance for the year ended 30 June 2023

	2023 Actual $000	2022 Actual $000
Operating revenue	31,913	28,595
Finance Income	213	23
Operating and other expenses	31,070	25,071
Operating profit before tax	1,056	3,547
Tax (benefit)	-	-
Net profit for the year	1,056	3,547

The Trust has returned an operating profit of $1 million, compared to $3.5 million last year. The reduction of $2.5 million was a result of increased revenue of $3.3 million from rental income offset by losses on disposal of property of $3.5 million.

Te Kaha Project Delivery Ltd

TE KAHA PROJECT DELIVERY

Te Kaha Project Delivery Ltd (TKPDL) is wholly owned by the Council. It is the delivery company for the new Canterbury multi-use arena to be constructed by 2026.

The funding partners in the development are the Council and Crown.

Nature and scope of activities
TKPDL's mandate is to provide governance and financial control of the delivery of the Canterbury multi-use arena including planning, design, execution, monitoring and control through to practical completion.

Policies and objectives relating to ownership and control
Section 59 of the Local Government Act 2002 sets out the principal objectives of Council-controlled organisations. These objectives underpin the Trust's strategic direction and activity plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council shareholders influence the direction of the Trust, its objectives and its accountability settings.

Key performance targets

Performance indicator	2023 Target	2023 Actual
Governance costs	$330,000.	Achieved $272,862.
Project Management, Control and Assurance	Alignment with project management plan maintained.	Not achieved. Expected to be completed in early FY 2023/24.
Procurement and contract management	100% compliance with relevant legislation, the Council procurement policies, and codes of practice.	Achieved.
Clear sustainability standards developed for the project during the PCSA and D&C phases	Monitor project sustainability outcomes.	Achieved.
Baseline Total Recordable Injury Frequency Rate indicators developed. TRIFR less than 10.0 per 1,000,000 hours worked on the project.	Baseline Total Recordable Injury Frequency Rate indicators developed. TRIFR less than 10.0 per 1,000,000 hours worked on the project.	Achieved – TRIFR 3.95 per 1,000,000 hours worked.
Engaging with the community taking into account its diversity and the need for inclusion of a wide variety of people with various needs.	Implement communications and community engagement strategy.	Achieved.

Financial summary
Statement of financial performance for the year ended 30 June 2023

-	2023 Actual $000	2022 Actual $000
-	-	-
Operating revenue	623	487
Finance Income	-	-
Operating and other expenses	623	487
Operating profit before tax	-	-
Tax (benefit)	-	-
Net profit for the year	-	-

The operating costs of Te Kaha are met by the Council. The Company does not hold or recognise any assets or liabilities.

Monitoring

Monitoring

Reserves and Trust Funds

The Council maintains a number of special reserves and trust funds which have a specific purpose.

The table below shows the movement in the funds for the year to 30 June 2023:

Reserve	Activities to which the reserve relates	Balance 1 July 2022 $000	Transfers into fund $000	Transfers out of fund $000	Balance 30 June 2023 $000
Trusts and bequests					
ChCh Earthquake Mayoral Relief Fund	Bequests made for Mayoral Earthquake Relief Fund.	10	-	-	10
Housing Trusts & bequests	Various bequests made for the provision of Social Housing.	99	3	-	102
Cemetery bequests	Various bequests made for the maintenance of cemeteries.	71	2	-	73
CS Thomas Trust - Mona Vale	Funds set aside for restoration work at Mona Vale.	40	1	-	41
Woolston Park Amateur Swim Club (WPASC)	Scholarship programme including an Annual Talented Swimmer Scholarship and an Annual Potential Swimmer Scholarship utilising the former Woolston Park Amateur Swimming Club monies gifted to the Council.	12	-	-	12
Parklands Tennis Club	Residual funds passed to the Council from the windup of the Parklands Tennis Club.	19	1	-	20
19th Battalion Bequest	Funds passed to the Council by the 19th Battalion and Armoured Regiment to help fund the maintenance of the 19th Battalion and Armoured Regiment Memorial area.	17	1	-	18
Yaldhurst Hall Crawford Memorial	Funds left by Mr Crawford for capital improvements to the Hall.	11	-	-	11
Sign of Kiwi Restoration Fund	Funds set aside for restoration work at the Sign of the Kiwi.	4	-	-	4
Fendalton Library Equipment Bequest	Bequest made to fund equipment at the Fendalton Library.	3	-	-	3
W A Sutton Art Gallery Bequest	Bill Sutton's bequest that any proceeds and benefits from copyright fees that might be charged be utilised for the acquisition and advancement of Canterbury Art.	1	-	-	1
Akaroa Community Health Trust	A grant to assist the Akaroa Community Health Trust in meeting a funding commitment to the Canterbury District Health Board for the new Akaroa Community Health Centre.	744	111	-	855
Mayor's Welfare Fund	Bequests made for Mayor's Welfare Fund intended to provide assistance to families and individuals in the community who are in extreme financial distress.	1,312	328	(378)	1,262
Sub-total trusts and bequests		**2,343**	**447**	**(378)**	**2,412**
Special Funds & Reserves					
Capital Endowment Fund	Fund that generates an ongoing income stream which is applied to economic development and civic and community projects.	105,040	3,801	(3,742)	105,099
Housing Development Fund	A fund used for funding the Council's Social Housing activity.	423	19,012	(18,442)	993
Wairewa Reserve 3185	To enable drainage works relative to Lake Forsyth.	128	4	-	132

Reserve	Activities to which the reserve relates	Balance 1 July 2022 $000	Transfers into fund $000	Transfers out of fund $000	Balance 30 June 2023 $000
Wairewa Reserve 3586	To enable drainage of Lake Forsyth into the sea in times of flood.	72	2	(30)	44
Development & Financial Contributions - Reserves	Development and financial contributions held for growth related capital expenditure.	54,290	5,659	(1,217)	58,732
Development & Financial Contributions - Leisure	Development and financial contributions held for growth related capital expenditure.	-	2,507	(2,532)	(25)
Development & Financial Contributions - Roading	Development and financial contributions held for growth related capital expenditure.	3,505	11,211	(7,716)	7,000
Development & Financial Contributions - Water supply	Development and financial contributions held for growth related capital expenditure.	4,330	5,386	(1,584)	8,132
Development & Financial Contributions - Waste water	Development and financial contributions held for growth related capital expenditure.	8,697	21,958	(12,909)	17,746
Development & Financial Contributions - Storm water	Development and financial contributions held for growth related capital expenditure.	1,003	8,161	(8,148)	1,016
Development & Financial Contributions - Libraries	Development and financial contributions held for growth related capital expenditure.	-	24	-	24
Development & Financial Contributions - Cemeteries	Development and financial contributions held for growth related capital expenditure.	-	1	-	1
Flood Protection Fund	Funds set aside for flood protection works.	801	24	-	825
Historic Buildings Fund	To provide for the purchase by Council of listed heritage buildings threatened with demolition, with the intention of reselling the building with a heritage covenant attached.	1,270	20	-	1,290
Community Loans Fund	Fund used to help community organisations carry out capital projects by lending funds at low interest rates.	3,242	98	(184)	3,156
Dog Control Account	Statutory requirement to set aside any Dog Control surpluses.	2,627	2,848	(2,949)	2,526
Non Conforming Uses Fund	To enable Council to purchase properties containing non-conforming uses causing nuisance to surrounding residential areas and inhibiting investment and redevelopment for residential purposes.	1,824	55	-	1,879
QEII sale proceeds	For investment in initiatives that promote the most appropriate and productive use of remaining Council land on QEII site.	2,479	-	(40)	2,439
Conferences Bridging Loan Fund	To provide bridging finance to organisers to allow them to promote, market and prepare initial requirements for major events and conferences, repaid by first call on registrations.	510	-	-	510
Cash in Lieu of parking	To hold contributions from property developers in lieu of providing parking spaces. Used to develop parking facilities.	653	20	-	673
Loan Repayment Reserve	Fund used for facilitating repayment of rate funded loans.	-	51,562	(51,562)	-
Sandilands Contaminated Sites Remediation	Fund used for remediation work at Social Housing sites.	254	-	-	254
Businesscare - Commercial Waste Minimisation	Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill.	68	-	-	68
Burwood Landfill Cell A Remediation	Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill.	559	17	-	576

Bertelsman Prize	Fund for the provision of in-house training programmes for elected members and staff which have an emphasis on improving excellence within the Council.	20	-	-	20

Reserve	**Activities to which the reserve relates**	**Balance 1 July 2022 $000**	**Transfers into fund $000**	**Transfers out of fund $000**	**Balance 30 June 2023 $000**
WD Community Awards Fund	To provide an annual income for assisting in the study, research, or skill development of residents of the former Waimairi District (within criteria related to the Award).	23	1	-	24
Duvauchelle Res Mgmt Committee	To enable maintenance and improvements at public reserves in Duvauchelle	106	343	(286)	163
Okains Bay Res Mgmt Committee	To enable maintenance and improvements at public reserves in Okains Bay	585	389	(388)	586
Taylors Mistake, Boulder Bay & Hobsons Bay	Rent received from the licensing of the baches to provide for amenity, environmental and heritage enhancements in the local area.	47	59	-	106
Cathedral Restoration Grant	A grant of $10 million (spread over the period of the reinstatement) towards the capital cost of reinstatement, to be made available once other sources of Crown and Church funding have been applied to the reinstatement project. Any interest will be available for other heritage projects.	4,150	1,198	-	5,348
Weather Event Fund	Fund established for costs of future weather events.	300	400	-	700
Miscellaneous reserves	Minor or obsolete reserves.	30	-	-	30
Sub-total special funds and reserves		**197,036**	**134,760**	**(111,729)**	**220,066**
TOTAL RESERVE FUNDS		**199,379**	**135,207**	**(112,107)**	**222,478**

Monitoring
The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development and innovation, community, and environment projects.

The investment objectives of the fund were met during 2022/23. All funds were held as cash investments during the year other than a small venture capital investment. This approach was consistent with the objectives outlined in Council's Investment Policy.

	2023 Actual $000	2022 Actual $000
Fund capital at 1 July	103,987	104,292
Less distributed	-	-
Revaluation adjustment	-	(305)
Fund capital at 30 June 2023	**103,987**	**103,987**
Unspent funds at 1 July	1,053	2,029
Plus income received by the fund	3,801	3,161
Less distributed	(3,742)	(4,327)
Returned funds	-	190
Unspent income at 30 June 2023	**1,112**	**1,053**
Total Capital Endowment Fund balance at 30 June 2023	**105,099**	**105,040**
Distribution details		
Income distributions		
Economic Development and Innovation	1,539	1,099
Community	2,203	3,228
	3,742	**4,327**

Monitoring

Subsidiary and associate companies

Listed below are the trading enterprises in which the Council has an interest, together with the directors of the trading enterprises, for the period ended 30 June 2023.

Christchurch City Holdings Ltd (100% owned)

Wynton Cox[i]
David Hunt[ii]
Abigail Foote[iii]
Alex Skinner
Bridget Giesen[iv]
Martin Goldfinch[v]
Sam Macdonald (Cr)[vi]
Sara Templeton (Cr)[vii]

Enable Services Ltd (100% owned)

Craig Elliott
Geoff Lawrie
Frederick Murray
Mark Petrie
Scott Weenink
Keiran Horne[viii]

Christchurch International Airport Ltd (75% owned)

Andrew Barlass
Catherine Drayton
Kathryn Mitchell
Sarah Ottrey
Christopher Paulsen
Paul Reid

City Care Ltd (100% owned)

Penny Hoogerwerf
Bryan Jamison
Jennifer Rolfe
Mark Todd
Elena Trout
Kevin Young

Lyttelton Port Company Ltd (100% owned)

Barry Bragg[ix]
Nicola Crauford[x]
Vanessa Doig[xi]
William Dwyer
Nicholas Easy
Julian Hughes[xii]
Karen Jordan[xiii]

Orion New Zealand Ltd (89.3% owned)

Jennifer Crawford
Sally Farrier
Jason McDonald
Paul Munro
Michael Sang

Te Kaha Project Delivery Ltd (100% owned)

Barry Bragg
Wynton Cox
Jane Huria
Richard Peebles
Stephen Reindler

RBL Property Ltd formerly Red Bus Ltd (100% owned)

Paul Silk[xiv]
Anthony King

Development Christchurch Ltd (100% owned)

Paul Silk

ChristchurchNZ Holdings Ltd (100% owned)

Dona Arseneau
Stephen Barclay
Paul Bingham
Jennifer Crawford[xv]
Victoria Henstock (Cr)[xvi]
Jake Mclellan-Dowling[xvii]
Lauren Quaintance[xviii]
Toby Selman[xix]

Venues Ōtautahi Ltd(100% owned)

Wynton Cox
Brent Ford
Susan Goodfellow
Tim Scandrett (Cr)[xx]
Kelly Barber (Cr)[xxi]

Civic Building Ltd (100% owned)

James Gough (Cr)
Sam MacDonald (Cr)
Jake Mclellan-Dowling[xxii]

EcoCentral Ltd (100% owned)

Mark Christensen
Sinead Horgan
Mark Jordan
Benjamin Reed

Transwaste Canterbury Ltd (38.9% owned)

Wynton Cox
Gareth James
Ian Kennedy
Hans Maehl
Grant Miller
Thomas Nickels
Ross Pickworth
James Gough (Cr)[xxiii]

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[i] Appointed 22 March 2023
[ii] Appointed 26 April 2023
[iii] Appointed 01 March 2023
[iv] Appointed 26 April 2023
[v] Appointed 26 April 2023
[vi] Appointed 01 February 2023
[vii] Reappointed 01 February 2023
[viii] Appointed 25 January 2023
[ix] Appointed 26 April 2023
[x] Appointed 19 June 2023
[xi] Appointed 01 January 2023
[xii] Appointed 19 June 2023
[xiii] Appointed 01 August 2023
[xiv] Appointed 08 February 2023
[xv] Appointed 15 January 2023
[xvi] Appointed 22 March 2023
[xvii] Appointed 22 March 2023
[xviii] Appointed 15 January 2023
[xix] Appointed 15 January 2023
[xx] Reappointed 22 March 2023
[xxi] Appointed 22 March 2023
[xxii] Appointed 22 March 2023
[xxiii] Appointed 24 February 2023

Glossary

Glossary

BCA	Building Consent Authority
BRRP	Burwood Resource Recovery Park
CAfE	Christchurch Agency for Energy Trust
CBD	Central Business District
CBL	Civic Building Limited
CCBJV	Christchurch Civic Building Joint Venture
CCDU	Christchurch Central Development Unit
CCHL	Christchurch City Holdings Limited
CCOs	Council Controlled Organisations
CCT	Christchurch and Canterbury Tourism
CCTOs	Council Controlled Trading Organisations
CDC	Canterbury Development Corporation
CDCH	Canterbury Development Corporation Holdings Limited
CDEM	Civil Defence Emergency Management
CGU	Cash Generating Unit
CIAL	Christchurch International Airport Limited
City Care	City Care Limited
Te Kaha	Te Kaha Multi Use Arena
Council	Christchurch City Council
COVID-19	2019 Novel Coronavirus Global pandemic
Cr	Councillor
CWTP	Christchurch Wastewater Treatment Plant
DEE	Detailed engineering evaluations
ECE	Early childhood education
ECL	Expected credit loss
EcoCentral	EcoCentral Limited
ENL	Enable Networks Limited
EOC	Emergency operations centre
EQ	Earthquake
ESL	Enable Services Limited
Exchange revenue	Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange
FAP	Financial assistance package
FIT	Free Independent Traveller
FDA	Financial delegation authority
Group	As outlined in Group Structure section of the Annual Report
IM&CT	Information Management and Communications Technology
IPSAS	International Public Sector Accounting Standards
ISP	Internal service providers
JESP	Justice and Emergency Services Precinct
LGFA	New Zealand Local Government Funding Agency Limited
LDRP	Land Drainage Recovery Programme
LIMs	Land Information Memorandums
LIU	Libraries and Information Unit
LOS	Level of service
LPC	Lyttelton Port Company Limited
LTP	Long Term Plan
LURP	Land Use Recovery Plan
MBIE	Ministry of Business, Innovation and Employment
MKT	Mahaanui Kurataiao Limited
MOU	Memorandum of Understanding
NABERSNZ	National Australian Built Environment Rating System New Zealand
NBS	New building standard
Non exchange revenue	Revenue from transactions that are not exchange transactions
NPS	National policy statement
NRFA	National Rural Fire Authority

NTPL	Ngāi Tahu Property Limited
NZFS	New Zealand Fire Service
NZ GAAP	General accepted accounting practice in New Zealand
NZ IAS	New Zealand equivalent to International Accounting Standard
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZLGIC	New Zealand Local Government Insurance Corporation
NZTA	New Zealand Transport Agency
NZTE	New Zealand Trade and Enterprise
NZX	New Zealand Stock Exchange
OCHT	Ōtautahi Community Housing Trust
Orion	Orion New Zealand Limited
PBE	Public benefit entity
PIM	Project Information Memorandum
PRFO	Principal Rural Fire Officer
PVL	Powerhouse Ventures Limited
Red Bus	Red Bus Limited
RFID	Radio frequency identification
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SOI	Statement of Intent
Transpower	Transpower New Zealand Limited
Transwaste	Transwaste Canterbury Limited
Tuam	Tuam Limited
UDS	Urban Development Strategy
UFB	Ultra-fast broadband
VO	Venues Otautahi Limited
Vested assets	Assets received by Council for no consideration
WHRS	Weathertight Homes Resolution Services
WIP	Work in progress
WINZ	Water Information New Zealand

Definition of Terms used for the Financial Prudence Benchmarks[1]

Net debt	Total financial liabilities less financial assets (excluding trade and other receivables).
Total revenue	Total cash operating revenue excluding development contributions and non government capital contributions.
Annual rates income	Total rates income (including targeted water supply rates) less rates remissions.
Net interest	The difference between interest income and interest expense recognised by the Council in its financial statements.
Quantified limit	The limit on rates, rates increases, or borrowing for a year that is included in Council's financial strategy.

[1] The definition set-out in this section and as used in the relevant sections of this Annual Report is based on the Local Government (Financial Reporting and Prudence) Regulations 2014.

Christchurch
City Council